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Poultry Export Guide: Poland, Ukraine, Estonia, Latvia

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The views expressed herein are not necessarily those of the Agricultural Marketing Service or the U.S. Department of Agriculture.

Acronyms and Abbreviations

AMS	Agricultural Marketing Service (USDA agency)
c.i.f.	cost, insurance, and freight
CMR	Contract for International Carriage of Goods by Roads
ECU	European Currency Unit
EFFA	Estonian Freight Forwarder Association
ERS	Economic Research Service (USDA agency)
ESTMA	Estonian Maritime Agency, Ltd.
FAO	Food and Agriculture Organization of the United Nations
FAS	Foreign Agricultural Service (USDA agency)
f.a.s.	free alongside ship
FSIS	Food Safety and Inspection Service (USDA agency)
IMF	International Monetary Fund
LOA	length overall
MMT	million metric tons
MT	metric ton
NIS	Newly Independent States
PIERS	Port Import Export Reporting Service
PKP	Polish State Railways
RCP	Riga (Latvia) Commercial Port
SED	Shipper's Export Declaration
TIR	*transports internationaux routiers* (international road transportation)
TM	Transportation and Marketing Program Area
TT	Mutual Through Transport Club
US$	U.S. dollars
VAT	value-added tax

Polish/Ukrainian/Baltic Region

Baltic Sea Ports

Ukrainian Black Sea Ports

Foreword

The "Poultry Export Guide" is intended for use by U.S. poultry producers, processors, and shippers alike. It includes information on transportation and distribution options that can be used to deliver U.S. poultry cargo to Poland, an important market outlet for U.S. poultry for both domestic consumption and reexport purposes, and Ukraine, where demand for U.S. poultry has surged during the past couple of years. In addition, the guide includes information about the growing importance of Estonia and Latvia as transshipment points for U.S. poultry headed for Ukraine and other Newly Independent States of the former Soviet Union (NIS). Please note, that the inclusion of any particular firm does not connote an official endorsement by the U.S. Department of Agriculture.

The report has been divided up into six chapters, each of which addresses separate aspects of the process of exporting frozen poultry to Poland, Ukraine, Estonia, and Latvia, including:

- Structure of U.S. poultry trade in the region;
- Import requirements and product preferences;
- Maritime and intermodal transportation options;
- Inspection and customs clearance procedures;
- Wholesale and retail marketing channels for imported poultry products; and
- Freight transit times and costs from origin to final destination through various ports of entry.

By utilizing the comprehensive Table of Contents and List of Tables in the front of the Poultry Export Guide, the reader can easily target information pertaining to his or her specific area of interest. Moreover, each of the chapters is designed to be read independently, permitting the reader to focus on a specific export-related issue without having to read the entire document. However, for other prospective and current exporters of U.S. poultry meat who may be unfamiliar with the Polish/Ukrainian/Baltic region, the entire report can also be read as a detailed, comprehensive outline of the various steps involved in transporting and distributing frozen poultry cargo from the U.S. to these destination markets.

In recent months, transit time disadvantages, infrequent service, and the high costs of direct maritime transportation from the U.S. East and Gulf Coasts to the Black Sea ports of Ukraine, coupled with infrastructural constraints in the capacity of Ukrainian (and Russian) ports to handle refrigerated and containerized cargo, have prompted a groundswell of poultry transshipments through the Baltic Sea ports of Poland, Estonia, and Latvia to markets in the NIS. One of the primary objectives of undertaking this study was to investigate the rationale behind the rise in transshipments by analyzing the comparative costs and time requirements involved in the transport of poultry products from the U.S. to Ukraine through a transshipment port on the Baltic Sea, as opposed to direct shipments to a port on a Black Sea. As part of this analysis, the guide examines:

- The most commonly used maritime routes and carriers for transshipments and for direct shipments;
- Costs and transit times of ocean freight and intermodal transportation links to final destinations;
- Availability and costs of port services at various points of entry;
- Costs and time requirements of inspection and customs clearance;
- Official documentation and quality requirements for product importation;
- Buyer product and packaging preferences; and
- Channels of distribution and market segmentation.

The idea for the study was sparked by comments made by two Polish delegates participating in a wholesale marketing training program sponsored by the Transportation and Marketing Program Area (TM) of USDA's Agricultural Marketing Service in the fall of 1995. The two participants, Jacek Austen, President of the Pomeranian Wholesale Agri-Food Center Company, Gdansk, and Dr. Wojciech Ciechomski, Professor, International Institute of Agricultural Marketing and Management, Warsaw, suggested that it might be appropriate for USDA to investigate the growing role of Polish port facilities in serving as a gateway for perishable food products to the republics of the former Soviet Union, and that they would be willing to offer their services in arranging relevant field interviews. At around the same time, TM learned that the Center for Agribusiness Policy Studies at Arizona State University had a working relationship with businesspeople in Ukraine involved in the distribution and marketing of imported poultry, and would be able to offer its services in arranging field interviews with industry representatives in Ukraine to study distribution and marketing alternatives for U.S. poultry in the growing Ukrainian market. Through the combined contacts of TM and the Center for Agribusiness Policy Studies, the joint USDA/Arizona State research team conducted personal interviews with more than 60 individuals during the course of a 3-week trip to Poland and Ukraine in June 1996. They also obtained additional technical information about various aspects of marketing and transporting U.S. poultry products in Poland and Ukraine from additional correspondence with many of these initial interview subjects and their referrals.

The research upon which the study was based would not have been possible without the help of several individuals

who went beyond the call of duty in arranging personal interviews for the USDA/Arizona State research team and providing detailed information about industry practices in subsequent correspondence. In alphabetical order, the individuals who deserve special recognition for their help and cooperation in making this publication a reality are:

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Chapter 1:
Overview and Structure of Regional Poultry Trade

Importance of the Ukrainian Region to the U.S. Poultry Industry

Within the last 2 years, Ukraine has emerged as one of the most vigorous growth markets for U.S. poultry meat in the world. From negligible import volumes in calendar year 1994—419,500 pounds, or approximately 190 metric tons (MT)—Ukraine has developed into a major destination for U.S. poultry products. During calendar year 1996, according to the Port Import/Export Reporting Service (PIERS) of the Journal of Commerce, *direct* exports of poultry meat and products from the United States to Ukraine by ocean vessel reached 30,509 MT, a ***130 percent increase*** from the previous year's level of 13,267 MT (table 1). Using the average value per pound for poultry meat exports to Ukraine recorded by the USDA Foreign Agricultural Service (FAS) for calendar year 1996—around $1,047 per MT, "free alongside ship" (f.a.s.) basis—a 1996 poultry meat export volume of 30,509 MT equalled approximately $32 million in export sales. Meanwhile, these trade statistics only take into account those poultry meat exports where Ukraine is officially listed as the country of destination, which apparently ignores a substantial volume of U.S. poultry products—possibly equal to the volume of direct trade—which are recorded as having been shipped to another country in the region (Poland, Estonia, Latvia, the Russian Federation), but which are eventually reexported to Ukraine for final consumption.

Structural Changes in the Ukrainian Agricultural Sector Spark Import Explosion

The recent surge in Ukrainian demand for U.S. poultry products appears to have been precipitated by fundamental structural changes in the Ukrainian meat production and processing sector, which indicate that Ukraine's increased reliance on imported supplies of poultry meat may well remain a permanent fixture of the marketing landscape. Domestic poultry farming—and livestock production in general—has been scaled back considerably over the past few years, an apparent side effect of Ukraine's ongoing evolution from a centrally planned to a market-driven economy.

At a time when meat and poultry producers are losing their customary access to state-subsidized agricultural inputs and equipment, and are no longer guaranteed certain shares of the consumer market by centrally planned procurement and

Table 1. U.S. Poultry Export Volumes to Ukraine by Ocean Vessel

Months	1995 Exports to Ukraine (pounds)	1995 Exports to Ukraine (MT)	1996 Exports to Ukraine (pounds)	1996 Exports to Ukraine (MT)	Change in Exports, 1995–1996 (MT)
January	0	0	3,710,808	1,683	+1,683
February	50,160	23	8,593,249	3,898	+3,875
March	50,000	23	11,134,548	5,051	+5,028
April	50,003	23	3,046,785	1,382	+1,359
May	4,905,368	2,225	9,906,666	4,494	+2,269
June	8,552,243	3,879	461,556	209	–3,670
July	493,499	224	42,270	19	–205
August	568,747	258	8,176,184	3,709	+3,451
September	2,350,250	1,066	8,873,605	4,025	+2,959
October	1,504,794	683	13,269,223	6,019	+5,336
November	8,368,793	3,796	0	0	–3,796
December	2,355,094	1,068	46,160	21	–1,047
Total	**29,248,951**	**13,267**	**67,261,054**	**30,509**	**+17,242**

Source: PIERS data, Journal of Commerce, March 1997. Note that numbers are rounded to the nearest unit of measure.

distribution agencies, they are facing increased competition from foreign suppliers of meat products (such as the United States), which have better access to feedstuffs (especially high-protein feeds), more efficient production systems, and superior yields. A recent study commissioned by Broiler Industry magazine highlights the typical difference between the cost and efficiency of broiler production in the United States and the Former Soviet Union (FSU). The study reported that the typical feed cost for Russian poultry producers (on a cost-per-ton basis) was *63 percent* higher than for U.S. poultry producers ($287 compared to $176), and was largely responsible for a 54 percent difference in the wholesale price for eviscerated whole birds ($2.65 per kilogram in Russia and $1.23 per kilogram in the United States as of June 1995).[1]

In this new economic climate, many poultry producers and processors in Ukraine are apparently finding it increasingly difficult to stay in business. The Office of Agricultural Affairs at the American Embassy in Kiev recently reported that the domestic population of poultry animals in Ukraine has fallen steadily since 1990, with the steepest decline (14 percent) occurring between the beginning of 1994 and 1995 (table 2). As a result of this decline in poultry inventories, the domestic production of poultry meat in Ukraine fell 30 percent between 1994 and 1995 to 65,000 MT. Another 30 percent decline in production was expected to occur in 1996, with FAS estimating that domestic production of poultry in Ukraine reached no more than 45,000 MT over the course of the year.[2]

[1] "Broiler Production Costs Around The World," Broiler Industry, December 1995.
[2] "Market Promotion/Competition," American Embassy, Kiev, Ukraine, August 1996.

U.S. Poultry Market Share in Ukraine

The sharp decline in Ukraine's domestic meat production over the past few years—along with the country's increased willingness to engage in agricultural trade with the West—has created sizable new opportunities for U.S. poultry exporters, who have been able to capitalize on their position as relatively low-cost producers of poultry meat. According to recent FAS reports, imports constitute around 80 percent of the poultry meat available in the domestic market, with approximately half of this volume (40 percent) originating from the United States.[3] The predominance of imported product in the poultry meat sector is exceptional even by Ukrainian standards: FAS survey results from 1995 indicated that imports accounted for around 30 percent of total food expenditures made by Ukrainians, and represented slightly more than half (53-55 percent) of the quantity of food products available for sale in local supermarkets and grocery stores.[4]

Aside from the rapidly shrinking supply of domestically produced meat, the strong demand for imported poultry in Ukraine also appears to have been bolstered by an increased consumer preference for poultry at the expense of other meat products. Extreme price inflation has severely restricted the ability of Ukrainian consumers to make food purchases over the past couple of years, leading consumers to seek out the most inexpensive sources of dietary protein available. During the first half of 1995, for example, the average consumer price of meat products and fruit rose 340 percent

[3] "Market Promotion/Competition," American Embassy, Kiev, Ukraine, August 1996, p 2.
[4] "Agricultural Situation," American Embassy, Kiev, Ukraine, August 1996, p. 9.

Table 2. Live Animal Inventories in Ukraine, 1990–1996 (in 000s)

Year (Jan. 1)	Cattle	Cows	Pigs	Sheep/Lamb	Poultry
1990	25,194	8,527	19,946	9,003	255,119
1991	24,623	8,378	19,426	8,418	246,104
1992	23,727	8,262	17,838	7,829	243,120
1993	22,456	8,057	16,174	7,336	214,582
1994	21,607	8,077	15,298	6,862	190,480
1995	19,609	7,813	13,255	5,570	163,898
1996	17,600	7,500	13,100	4,100	153,700

Source: "Agricultural Situation," American Embassy, Kiev, Ukraine, November 1996.

over year-earlier levels, while the price of eggs rose 390 percent, the price of dairy products rose 450 percent, and the price of potatoes rose 1,150 percent.[5] The inflation in the price of food products has outpaced the general rate of inflation for most goods; for example, the overall consumer price index for calendar year 1995 in Ukraine rose 181 percent.[6]

In response to severe cutbacks in the domestic production of foodstuffs and runaway price inflation in retail food prices, per-capita meat consumption in Ukraine appears to have taken a nosedive in recent years. USDA's Economic Research Service (ERS) reported in mid-1996 that per-capita meat and meat product consumption in Ukraine plummeted 41 percent between 1991 and 1995 from 66 kilograms to 39 kilograms per person, with the steepest plunge (11 percent) taking place between 1994 and 1995.[7] Meanwhile, a subsequent report by the Office of Agricultural Affairs at the American Embassy in Kiev suggests that ERS's initial estimate of 1995 per-capita consumption of meat and meat products in Ukraine may have been overly optimistic, stating that per-capita consumption of meat had actually fallen by 36 percent between 1994 and 1995 alone.[8] Despite the limited capacity of Ukrainian consumers to purchase meat products in general, the outlook for poultry consumption remains somewhat encouraging, as the strong price-sensitivity of consumers is prompting a steady shift towards increased consumption of poultry at the expense of other meat products like beef, based on poultry's relatively attractive pricing.[9]

Importance of Transshipments

Direct freight traffic in poultry between the United States and Ukraine, as outlined in table 1, only reveals a small portion of the overall trade picture. These statistics focus exclusively on exports of poultry officially listing Ukraine as the final destination, based on information derived from such documents as shipper's export declarations, bills of lading, or vessel manifests. Given the peculiarities of the poultry trade in the Ukrainian region, these documents may well understate the actual volume of U.S. poultry being exported to Ukraine. For example, Ukraine may not necessarily be recorded as the final country of destination for U.S. poultry products which are unloaded and stored in another country for a considerable length of time before finally being reexported, a fairly common practice for reasons described later in this chapter.

While reliable statistics on the volume of U.S. poultry products moving into Ukraine via informal cross-border trade channels are difficult to come by, anecdotal evidence from field interviews in Ukraine suggests that a considerable quantity of imported poultry entering the Ukrainian market has been reexported from a neighboring Eastern European country. During interviews with two local importers of foodstuffs in Ukraine, we were told that total domestic consumption of imported poultry in Ukraine currently totaled around 70,000 MT per year, and that approximately 70 percent of this amount (50,000 MT) was both legally and illegally reexported to Ukraine from a neighboring Eastern European country, primarily by small traders.[10] Moreover, representatives of the Office of Agricultural Affairs at the American Embassy in Kiev have estimated as much as one-fourth of the U.S. poultry recorded as having been shipped to Russia during the first 5 months of 1996 was unofficially diverted to the Ukrainian consumer market.[11]

Official statistics from neighboring countries give further credence to the idea that the volume of cross-border trade in U.S. poultry products between Ukraine and its neighbors may realistically be as large as the volume of direct trade. During calendar year 1995, for example, the FAS attache in Warsaw reported that 40,864 MT of U.S. poultry—equal to 72 percent of estimated total U.S. poultry exports to Poland in 1995 (56,618 MT)—were apparently transshipped to another destination country, based on differences between U.S. poultry export volumes to Poland reported by FAS and the Polish Ministry of Agriculture's estimates of poultry imports for internal consumption (excluding "goods in transit," and those held in bonded warehouses outside of official Polish customs territory).[12]

The Polish Gateway to Ukraine

Despite the imposition of tariff-rate quotas by the Polish government in July 1995, which restricts the total quantity of poultry which can be imported into Poland each year to no more than 8.5 percent of the previous year's domestic poultry production, there does not appear to be any adverse

[5] Report on Ukrainian Agricultural Reform Program, Business Information Service for the NIS (BISNIS) On-Line Service, U.S. Department of Commerce, December 1996.
[6] "Agricultural Situation," American Embassy, Kiev, Ukraine, August 1996, p. 1.
[7] "Former USSR," International Agricultural and Trade Reports, Economic Research Service, U.S. Department of Agriculture, May 1996, p. 21.
[8] "Agricultural Situation," American Embassy, Kiev, Ukraine, August 1996, p. 3.
[9] "Market Promotion/Competition," American Embassy, Kiev, Ukraine, August 1996, p. 2.
[10] Interview with Sergei Belousov and Olexei Yanovski, Kiev, Ukraine, June 1996.
[11] Interview with Andrei Lyssikov, Office of Agricultural Affairs, American Embassy, Kiev, Ukraine, June 1996.
[12] "Poultry Annual Report," American Embassy, Warsaw, Poland, August 1996, p. 1.

effect on Poland's role as an important transshipment point for poultry meat headed for the markets of the NIS. Although the maximum volume of poultry meat allowed to be imported into Poland for domestic consumption and processing under the preferential tariff rate of 30 percent *from all origins* totaled only 28,900 MT in calendar year 1996, actual shipments of poultry products by ocean vessel to Poland *from the United States alone* during 1996 reached approximately 52,000 MT, around 23,000 MT over the official import quota at the preferential tariff rate (table 3). This export volume was enough to rank Poland eighth among all destinations in the world in 1996 in terms of the value of U.S. poultry products exported.[13]

While legal imports of poultry meat into Poland for domestic consumption and processing in excess of the 28,900 MT level were theoretically permissible during 1996 at the non-preferential tariff rate of 60 percent, conversations with several meat importers in Poland suggest that no poultry meat imports for domestic consumption and processing took place at this higher tariff level. Such products would be prohibitively expensive to market in Poland successfully. Therefore, the discrepancy between the probable volume of poultry meat exports from the U.S. to Poland for domestic use in 1996 and the actual volume of shipments to Poland suggests that a good percentage of U.S. poultry exports to Poland were either transported through Poland on their way to another final destination, or were held "outside" of Polish customs territory (in a facility such as a duty-free warehouse) before being delivered to a customer in another country. Meanwhile, these U.S. poultry export figures don't include the large quantity of poultry which Poland typically receives from other origins, suggesting that the overall volume of foreign poultry which was transshipped through Poland to another destination country in 1996 is likely to have exceeded this 23,000 MT figure. For example, in calendar year 1995, the United States only held a 49 percent share of Poland's domestic market for imported poultry meat (and a 51 percent share in imported chicken meat). If we assume that the U.S. share of the preferential tariff-rate quota for imported poultry meat was around 60 percent during 1996, in line with current FAS estimates of the U.S.

[13] "Bulk, Intermediate and Consumer Oriented Foods and Beverages," FAS Online, Foreign Agricultural Service, U.S. Department of Agriculture, March 1997.

Table 3. U.S. Poultry Export Volumes to Poland by Ocean Vessel

Months	1995 Exports (pounds)	1995 Exports (MT)	1996 Exports (pounds)	1996 Exports (MT)	Change in Export Volume 1995–1996 (MT)
January	1,011,911	459	1,532,262	695	+236
February	1,844,936	837	8,316,373	3,772	+2,935
March	2,471,924	1,121	5,428,656	2,462	+1,341
April	11,471,160	5,203	4,641,567	2,105	–3,098
May	8,174,140	3,708	12,084,872	5,482	+1,774
June	20,363,388	9,237	12,522,478	5,680	–3,557
July	11,015,518	4,997	11,071,287	5,022	+25
August	11,979,537	5,434	5,555,209	2,520	–2,914
September	15,766,970	7,152	15,627,594	7,089	–63
October	16,881,022	7,657	23,689,343	10,745	+3,088
November	19,385,216	8,793	12,052,344	5,467	–3,326
December	1,786,678	810	1,783,436	809	–1
Total	**122,152,400**	**55,408**	**114,305,421**	**51,849**	**–3,559**

Source: PIERS data, Journal of Commerce, March 1997. Note that numbers are rounded to the nearest unit of measure.

share of the total market for imported poultry meat in 1996, this would be equal to 17,340 MT.[14] Consequently, around 34,500 MT of the 51,849 MT of U.S. poultry meat shipped to Poland in 1996 (according to PIERS data) may have actually been transshipped to another destination, equivalent to approximately two-thirds (66.5 percent) of total poultry shipments from the United States to Poland.

The Baltic Gateway to Ukraine

In addition to Poland, the Baltic States are playing an increasingly important role as a gateway for U.S. poultry headed for the Ukrainian market and other destinations in the NIS. According to figures published in the FAS "Bulk, Intermediate and Consumer Oriented Foods and Beverages (BICO)" report in March 1997, annual exports of U.S. poultry meat to the Baltic States of Estonia, Latvia, and Lithuania surged from $673 thousand in 1994 to $97.6 million in 1996 (table 4). Consequently, two of the Baltic States—Latvia and Estonia—were ranked by FAS as being among the top 15 destinations in the world for U.S. poultry meat exports in 1996 (at sixth and thirteenth place, respectively, compared to Poland in eighth place and Ukraine in fifteenth place). To put the magnitude of current U.S. poultry trade to the Baltic States in perspective, the annual value of U.S. poultry trade with the Baltic States in 1996 equaled nearly 11 percent of the value of U.S. poultry shipments to the Russian Federation—the top importer in the world—during the same time period, and nearly 4 percent of U.S. shipments of poultry meat to all destinations.[15]

During field interviews with food importers and distributors in Ukraine in June 1996, our research team repeatedly heard comments from food traders in the region that Estonia was becoming an important entry point for perishable products headed for the Ukrainian market. Statistics recently compiled by government agencies in Estonia tend to confirm anecdotal reports that a good portion of the burgeoning U.S.-Estonian poultry trade involves eventual transshipments to the Ukraine. According to statistics provided by the Estonian Investment Agency, the total value of goods exported by Estonia to Ukraine grew by 178 percent

[14] Estimate of U.S. share of Polish poultry import market obtained from "Update of Red Meats and Poultry Meat Production, Supply and Demand Statistics," American Embassy, Warsaw, Poland, April 1997, p. 2.

[15] "Bulk, Intermediate and Consumer Oriented Foods and Beverages," FAS Online, Foreign Agricultural Service, U.S. Department of Agriculture, March 1997. The value of poultry meat export shipments from the United States to the Russian Federation totaled $913 million in calendar year 1996, and the total value of poultry meat export shipments from the United States to all destinations totaled $2.48 billion in calendar year 1996.

Table 4. Value of U.S. Poultry Meat Exports to Baltic States and Poland

	(in thousand U.S. dollars)				
Destinations	**1992**	**1993**	**1994**	**1995**	**1996**
Estonia	0	103	295	53,112	24,694
Latvia	0	4,188	378	1,314	72,866
Lithuania	0	0	0	1,301	0
Baltic States	0	4,291	673	55,727	97,560
Poland	21,266	34,950	50,478	47,215	56,294
Poland and Baltic States	21,266	39,2412	51,151	102,942	153,854
Value of U.S. poultry meat exports to Poland and Baltic States compared to world exports (%)	2.29	3.57	3.26	5.08	6.20

Source: Bulk, Intermediate and Consumer Oriented Foods and Beverages, FAS Online, Foreign Agricultural Service, U.S. Department of Agriculture, March 1997.

between the first 9 months of 1995 and the first 9 months of 1996 to reach 899 million Estonian krooni (approximately $72 million), of which 18.3 percent were food products and 17.8 percent products of animal origin.[16] Although U.S. poultry export volumes have declined significantly since the end of 1995—PIERS reports that 1966 shipments of poultry meat and products by ocean freight from U.S. ports to Estonia fell by 32 percent to 52,902 MT from year-earlier levels of 77,895 MT (table 5)—poultry meat exports to Estonia still remain far above the levels which would appear to be needed for internal consumption requirements, suggesting that the country continues to maintain an important role in the transshipment process.

Table 6 shows poultry production and consumption levels in Estonia for the 1992-1995 period, and provisional FAS estimates of production for 1996. If we assume that 1996 domestic poultry consumption levels in Estonia remained similar to 1995 consumption figures of 12,240 MT, given the recent sharp recovery in per-capita poultry consumption and a shrinking domestic population, the country's net import requirement for poultry (consumption minus domestic production) for 1996 would be around 3,240 MT, assuming no change in stocks. Consequently, shipments of poultry meat from the United States of around 53,000 MT would have exceeded the country's basic net import requirements in 1996 by almost *50,000* MT. Moreover, these U.S. export figures exclude any additional supplies of poultry meat which may have been imported into Estonia from other origins.

Latvia also is playing a major role as a conduit for U.S. poultry meat headed for the NIS (which likely includes Ukraine). According to personnel at the American Embassy in Riga, Latvia, U.S. poultry meat exports to Latvia are estimated to have reached around 74,000 MT during calendar year 1996.[17] Meanwhile, the PIERS export data compiled by the *Journal of Commerce*—derived from vessel

[16] Export statistics based on correspondence received from the Estonian Investment Agency, December 1996. Average U.S. dollar/Estonian kroon exchange rate for December 1996 (1 U.S. dollar = 12.41 Estonian krooni) obtained from International Financial Statistics, International Monetary Fund, February 1997, p. 255.

[17] Correspondence from American Embassy, Riga, Latvia, April 9, 1997.

Table 5. U.S. Poultry Export Volumes to Estonia by Ocean Vessel

Months	1995 Exports (pounds)	1995 Exports (MT)	1996 Exports (pounds)	1996 Exports (MT)	Change in Export Volume 1995–1996 (MT)
January	206,026	93	32,432,414	14,711	+14,618
February	50,550	23	17,499,073	7,938	+7,915
March	13,650,002	6,192	16,489,280	7,479	+1,287
April	15,295,173	6,938	972,890	441	–6,497
May	202,000	92	3,448,765	1,564	+1,472
June	10,009,962	4,540	724,073	328	–4,212
July	35,877,103	16,274	8,665,086	3,930	–12,344
August	16,285,939	7,387	12,152,257	5,512	–1,875
September	6,404,608	2,905	16,376,997	7,429	+4,524
October	28,852,104	13,087	1,335,318	606	–12,481
November	14,767,207	6,698	6,220,916	2,822	–3,876
December	30,127,739	13,666	309,969	141	–13,525
Total	**171,728,413**	**77,895**	**116,627,038**	**52,902**	**–24,993**

Source: PIERS data, Journal of Commerce, March 1997.

Table 6. Estonian Poultry Production and Consumption, 1992-1996

Categories	1992	1993	1994	1995	1996
Chicken Meat Production (MT)[18]	10,259	5,079	6,468	8,000	9,000 (estimated)
Population (in 000)	1,563	1,552	1,541	1,530	
Per-Capita Poultry Consumption (kilograms)	6.45	3.91	6.19	8.00	
Poultry Meat & Product Consumption (MT)	10,081	6,068	9,539	12,240	

Source: FAO, FAS, Watt Poultry Statistical Yearbook.

manifests and bills of lading, as well as from shippers' export declarations—suggests that recent poultry trade flows to Latvia may have even been larger than the American Embassy in Riga currently estimates, with recorded 1996 poultry meat and product exports from U.S. ports to Latvia totaling 138,256 MT, up 71 percent from an already sizable 80,728 MT in 1995.

Even if we assume that the lower American Embassy estimate of 1996 U.S. poultry meat exports to Latvia (around 74,000 MT) is a more realistic estimate than the PIERS statistics, it is clear that the volume of U.S. poultry products entering Latvia in calendar year 1996 far outweighed local demand for imported poultry in Latvia. Out of a total poultry meat arrival volume from the United States of around 74,000 MT, the American Embassy in Riga estimates that only about 368 MT of U.S.-origin poultry meat stayed within the local Latvian market.[19] Estimated domestic consumption of poultry meat in Latvia during 1996, as reported by the American Embassy, is believed to have totaled only 7.2 kilograms per person, equal to an annual consumption figure of around 18,266 MT, based on current population levels. [20] In addition, Latvia produced around 8,700 MT of poultry meat domestically in 1996, reducing the country's net import requirements to approximately 9,566 MT, assuming no change in domestic stocks.[21] Meanwhile, actual poultry meat imports into Latvia for domestic consumption purposes fell considerably short of apparent net import requirements, reaching only 4,164 MT in 1996, according to official Latvian customs data, with U.S.-origin meat representing about 8 percent of the local market for imported poultry.[22]

Consequently, nearly all of the 74,000 MT of U.S. poultry which was reported to have been exported to Latvia in 1996 was available for redistribution to other nearby countries. Indeed, the American Embassy in Riga, Latvia, reported that 1996 poultry meat transit volumes through Latvia totaled approximately 77,000 MT, of which 95 percent consisted of U.S.-origin meat.[23] Two U.S. companies—Hudson Foods and Foods Frozen—are believed to be responsible for 75 percent of the transshipments of U.S.-origin poultry.[24] Roughly half (39,000 MT) of the poultry meat transshipped through Latvia during 1996 was said to consist of chicken halves and quarters, while the remaining poultry meat (35,000 MT) was said to consist of chicken legs.[25]

[18] Note that 1995 and 1996 figures reflect estimates of total poultry meat production, not just chicken meat production. However, according to available figures from the Foreign Agricultural Service of the U.S. Department of Agriculture and the Food and Agriculture Organization of the United Nations, virtually all of Estonia's poultry meat production consists of chicken meat production. For example, 1994 poultry meat production is estimated to have reached 6,500 MT, while chicken meat production is estimated to have reached 6,468 MT.

[19] Based on correspondence from American Embassy, Riga, Latvia, April 1997.

[20] Consumption figure based on an estimated 1996 Latvian population of 2.537 million people (published in Watt Poultry Statistical Yearbook 1996, p. 12).

[21] Based on correspondence from American Embassy, Riga, Latvia, April 1997.

[22] Ibid.

[23] Ibid.

[24] Ibid.

[25] Ibid.

Table 7. U.S. Poultry Export Volumes to Latvia by Ocean Vessel

Months	1995 Exports (pounds)	1995 Exports (MT)	1996 Exports (pounds)	1996 Exports (MT)	Change in Export Volume 1995-1996 (MT)
January	34,268,491	15,544	12,498,477	5,669	–9,875
February	14,229,473	6,454	16,521,685	7,494	+1,040
March	24,961,051	11,322	29,962,431	13,591	+2,269
April	24,479,020	11,104	8,403,502	3,812	–7,292
May	24,317,043	11,030	25,341,057	11,495	+465
June	166,467	76	24,543,035	11,133	+11,057
July	203,998	93	15,793,805	7,164	+7,071
August	12,894,616	5,849	46,187,819	20,951	+15,102
September	13,922,064	6,315	18,161,091	8,238	+1,923
October	13,293,244	6,030	47,832,434	21,697	+15,667
November	12,994,255	5,894	50,083,429	22,718	+16,824
December	2,242,582	1,017	9,469,712	4,295	+3,278
Total	**177,972,304**	**80,728**	**304,798,477**	**138,256**	**+57,528**

Source: Port Import/Export Reporting Service, Journal of Commerce, March 1997. Note that the numbers are rounded to the nearest unit of measure.

Why Transshipments Through Poland and the Baltic States Are So Popular

There are several reasons why transshipments from a nearby country operate as such important gateways to the Ukrainian market. One of these factors involves the large discrepancy in transit times offered by many shipping lines from the U.S. East Coast and the U.S. Gulf Coast to ports on the Baltic Sea and Black Sea. Regularly scheduled service to Black Sea ports from the U.S. East Coast have been known to exceed transit times for shipments to destinations on the Baltic Sea by as much as 12 days, because of differences in distance and frequency of feeder services to final destinations. As a result, equally efficient transit times to major destination markets in Ukraine, such as Kiev, can conceivably be achieved by using a combination of maritime and ground transportation services from a major port on the Baltic Sea. For example, the minimum transit time advertised by the dominant liner service carrying frozen poultry between the port of Charleston, SC to Gdynia, Poland is 16 days, compared to a minimum transit time of 19 to 23 days (depending on route) between Charleston and the Ukrainian port of Illyichevsk.[26] Therefore, even if one factors in the additional time needed to discharge transit cargo in Gdynia, Poland, and receive clearance by Polish veterinary and customs officials (1-2 days), and factors in additional days of ground transportation (approximately 5 days between Gdynia, Poland, and Kiev, Ukraine), deliveries to Kiev can conceivably be made just as quickly from the Baltic ports of Poland as from the Black Sea ports of Ukraine. (It typically takes at least 3 days to move cargo by truck from the port of Illyichevsk to Kiev, a trip of just over 500 kilometers, given current levels of port congestion and Ukrainian restrictions on daily hauls by individual truck drivers.)

There are growing indications that the availability of ocean freight service to Black Sea destinations is improving. Rising demand for imported products in Ukraine has inspired a growing number of operators to offer more frequent direct service to Ukrainian ports, a factor which may eventually encourage a shift in the trade routes most commonly used to transport perishable products into the

[26] Sample schedule information obtained from Maersk Line Home Page (http:/www.maerskline.com), August 27, 1997.

Ukrainian market. In recent months, the Journal of Commerce has carried several advertisements by operators announcing new services to Ukrainian ports; for example, in June 1996, the newspaper announced that a new operator, Ukraine American Lines, Inc., was planning to begin a 14-day direct service from Baltimore to the Ukrainian port of Illyichevsk, deploying three or four chartered vessels which carry 1,000 20-foot container units.[27] In addition, in December 1996, the Journal of Commerce carried a front page advertisement in its "Shipcards" section announcing that U.S. Express Lines was launching a new nonstop 18-day service from Philadelphia to Odessa, Ukraine, for both containerized and breakbulk cargo.[28]

Nevertheless, a reduction in transit times to the Black Sea alone will not necessarily encourage a widespread diversion in traffic from Baltic ports in the short term, as infrastructural differences between ports on the Black Sea and Baltic Sea remain significant. In particular, the availability and adequacy of electrical power and refrigeration in Ukraine tends to fall short of the standard currently available in neighboring countries. For example, the port of Gdynia in Poland has the capacity to provide electrical power to 280 refrigerated containers simultaneously in its container terminal, a service which is accessible to all port users. In contrast, Illyichevsk, the most advanced port facility handling containerized cargo in Ukraine, and the most popular destination in Ukraine for containerized poultry cargo, is only capable of providing electrical power to 120 refrigerated containers simultaneously, and the container storage yard is reportedly subject to periodic energy blackouts of up to 4 to 6 hours.[29] Such disparities in port infrastructure and operational efficiency have enhanced the attractiveness to both exporters and receivers of using a neighboring country like Poland as a waystation for perishable high-value goods destined for the Ukrainian market, especially when the shipment of containerized cargo is involved. As will be explored later in "Chapter Three: Getting Product to Market: Maritime and Intermodal Options for Transporting Poultry to the Polish/Ukrainian Region," Polish ports are receiving a far greater volume of containerized poultry cargo from the United States than are Ukrainian ports: according to PIERS data for January-December 1996 (table 8), the quantity of containerized poultry cargo headed for destinations in Poland totaled 45,196,945 pounds (20,501 MT), compared to Ukrainian-bound shipments of 8,504,705 pounds (3,858 MT).

Differences in port management practices between major ports on the Baltic Sea such as Gdynia, Poland, and Muuga, Estonia, and the Ukrainian ports of the Black Sea also have

[27] "Carriers' volumes prove disappointing," Journal of Commerce, June 20, 1996, p. 7C.
[28] Journal of Commerce, December 11, 1996, p. 39.

[29] Based on correspondence from UniMasters Logistics (freight forwarder and Maersk Line agent in Varna, Bulgaria), and correspondence from Baltic and Oriental Ukraine (freight forwarders in Odessa, Ukraine), March 1997.

Table 8. 1996 Containerized and Noncontainerized U.S. Poultry Cargo Volumes, By Country of Destination (in pounds)

Type of U.S. Poultry Cargo Shipped to Destination Country	Poland	Estonia	Latvia	Ukraine
Containerized poultry cargo	45,196,945	9,050,089	6,058,122	8,504,705
Noncontainerized poultry cargo	69,108,476	107,576,949	298,740,355	58,756,349
Total poultry cargo	114,305,421	116,627,038	304,798,477	67,261,054
Percentage of total poultry cargo in containers	39.54	7.76	1.99	12.64

Source: PIERS data, Journal of Commerce, March 1997.

encouraged a steady reliance on "northern gateways" to distribute product. Unfortunately, the handling of perishable cargo at many Ukrainian ports is still reported to be less efficient, less secure, and more subject to capricious bureaucratic policies than at ports in Poland and the Baltic republics. To underscore the difficulty of conducting business at Ukrainian ports, some of our Ukrainian interview subjects involved in food distribution indicated that it was not unusual to be charged a bribe equal to 20 percent of the value of the goods being imported into the country before being allowed to unload a vessel at several Ukrainian ports.

Another element which has added to the attractiveness of using a northern Baltic gateway for shipments of U.S. poultry is the current structure of the Ukrainian food distribution system, most notably the role of small traders in the distribution chain for frozen poultry products. Interviews with several food distributors and warehouse managers in Poland and Ukraine suggest that a vigorous reexport business is being carried out by small traders who cross the border into Poland and purchase small quantities of U.S. poultry products in an attempt to import product without having to pay steep commercial tariffs. A new breed of entrepreneurs along Poland's eastern border is responding to this segment of the market by opening cold storage warehouses for frozen meat products (supervised by the Polish Customs Department) at various locations along Poland's eastern border, where small traders from the neighboring countries of Ukraine, Belarus, and the Kaliningrad region of Russia can inspect and purchase small quantities of meat products, typically no more than 1,000 to 1,500 pounds of product at a time. (At the time of our field interviews in June 1996, Ukrainian citizens were reportedly allowed to import goods worth less than $1,400 for "personal use," which were exempted from commercial duties.)

In contrast, the current commercial tariff for imported frozen poultry in Ukraine is either 30 percent of the value of the goods being imported, or 0.7 European Currency Unit (ECU) per kilogram, whichever is higher. At the end of 1996, 0.7 ECU per kilogram equaled a hefty 39.68 cents per pound, making the typical effective tariff on imported frozen chicken leg quarters, according to interviews with local traders in Ukraine, between 80 and 90 percent of the "cost insurance and freight" (c.i.f.) price.[30] (The enormity of this 40-cent-per-pound tariff can be demonstrated by observing that the average f.a.s. price for poultry products shipped from the United States to Ukraine during 1996 was only $1,047 per MT, or about 47.5 cents per pound.[31]) Moreover, imported frozen poultry items are also subject under Ukrainian law to an additional 20-percent value-added tax (VAT), which is calculated on the basis of the value of goods after tariffs have been added.

Contributing to the growing volume of cross-border trade between Ukraine and neighboring countries like Poland is the fact that some traders have apparently found it profitable to import inexpensive poultry meat (such as comminuted meat) from low-cost U.S. suppliers, process the meat in Poland into poultry sausages and frankfurters designed to appeal to Eastern European consumers (with a much higher fat content than is commonly produced in the United States), and reexport the final product to several republics of the NIS, including Ukraine. Two of the meat importers we interviewed in Poland in June 1996 estimate that fully 40 percent of the U.S. poultry they import each year is processed in Poland for eventual reexportation to the NIS.

Official statistics available from the Polish Ministry of Agriculture tend to confirm anecdotal evidence that cross-border trade in manufactured meat products has been a growing market opportunity over the past few years. Between 1994 and 1995, Poland's exports of meat sausages and other prepared and preserved meat products increased by 78 percent from 39,697 MT to 70,700 MT, the vast majority of which, 81 percent, was shipped to three countries alone, Russia, Belarus, and Ukraine.[32] (Ukraine reportedly accounted for 3 percent of the export total, or approximately 2,100 MT of the export volume.) This growth trend appears to have continued unabated into the early months of 1996, as statistics indicate that exports of sausages and processed meat products from Poland into the NIS rose an additional 71 percent between first quarter 1995 and 1996 from 7,522 MT to 12,844 MT.[33] Meanwhile, these statistics are likely to understate the actual size of the export trade in processed meat products, since official statistics derived from customs records are unlikely to capture the total quantity of merchandise which is being "informally" transported across the border by small traders.

[30] Based on an average ECU/U.S. dollar exchange rate of 1.24985 U.S. dollars per ECU for December 1996 (the official rate published in the February 1997 issue of the International Monetary Fund's International Financial Statistics). 0.7 ECU would be equivalent to 87.49 cents, and a minimum tariff of 87.49 cents per kilogram would be approximately equal to a tariff of 39.69 cents per pound.

[31] Average unit "f.a.s." price based on USDA Foreign Agricultural Service estimates of 1996 values and volumes of U.S. poultry exports to Ukraine (16,220 MT valued at $16.985 million).

[32] "Polish International Trade In Agricultural and Food Products in 1995," Foundation of Assistance Programs for Agriculture, Warsaw, Poland, April 1996, p. 55.

[33] Plewa, Jerzy and Piskorz, Wladyslaw, "An Analysis of Agricultural and Food Product Trade in the First Quarter of 1996 (Pilot Report)," Foundation of Assistance Programs for Agriculture, Warsaw, Poland, June 1996, p. 15.

The prospective U.S. exporter of poultry meat for further processing should note, however, that since December 1, 1996, the Ukrainian government has banned the importation of all poultry and livestock products containing offal from all origins, which includes most poultry frankfurters and sausages. While this ban is not expected to become a permanent fixture of the marketplace, it has created a short-term interruption in the legal importation of poultry frankfurters and sausages into the country.[34]

Moreover, exporters should also be aware that poultry products which are imported from the United States for further processing in Poland are officially required to meet all Polish veterinary and quality standards for internal consumption, *even if the final manufactured product which incorporates raw material from the United States is destined for eventual reexportation outside Polish territory.* (This is not true for imported poultry which is merely transported through Polish territory *en route* to another destination, or is stored temporarily in a duty-free custom warehouse.) Since Poland's veterinary and quality standards for imported poultry products are typically more stringent in terms of processing, packaging, and storage requirements than the standards enforced in much of the NIS, they should be carefully reviewed if poultry products exported from the United States are intended to be used for further processing in Poland. Many of these requirements are discussed in Chapter Two: "Imported Product Quality Requirements and Preferences."

[34] Information obtained during personal interview with Robert Walker, former Agricultural Policy Advisor, American Embassy, Kiev, Ukraine, during visit to Washington, D.C., March 19, 1997.

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Chapter 2:
Imported Product Quality Requirements and Preferences

Shipments to Poland for Domestic Use or Further Processing

Segmentation of Local Consumer Market

Most of the imported U.S. poultry entering the Polish market for local consumption currently consists of frozen chicken leg quarters. The majority of these chicken leg quarters are said to be purchased by the food service and restaurant sector, which has recently seen a proliferation of fast food stands offering grilled and rotisserie chicken items. (As in much of Eastern Europe and the former Soviet Union, and in sharp contrast to standard consumption patterns in the United States, Polish consumers typically prefer dark chicken meat to light chicken meat.) Household consumers in Poland continue to exhibit a strong preference towards purchasing fresh chicken and Polish-origin chicken, despite the fact that frozen imported chicken tends to be priced very competitively. According to statistics published by the FAS agricultural attache in Warsaw, the wholesale price of imported frozen chicken quarters in Poland for July, 1996 varied from 4.5 to 4.7 zlotys per kilogram (around 75 to 78 cents per pound), compared to 5.2 to 5.5 zlotys per kilogram (87 to 92 cents per pound) for chicken quarters produced locally.[35] However, restaurants, fast food stands, and cafeterias are buying and using an increasing amount of frozen imported poultry products (mostly chicken leg quarters) because of their attractive pricing. Some importers note that demand from the Polish food service sector is especially strong during the summer months, when eating out and purchasing fast food meals is most popular.

In general, local consumption of poultry in Poland is growing at a steady pace. Poultry consumption has received some support because more and more Poles are concerned about excessive intake of "high-fat" foods, which has encouraged some modest substitution of poultry for other meats (notably pork). The FAS agricultural attache in Warsaw recently estimated that total Polish consumption of poultry meat rose 6 percent over 1996 levels to reach 456,000 MT in calendar year 1997, representing an increase in per-capita consumption from 10.2 to 10.6 kilograms per person. Only around 11 percent of these domestic consumption requirements were satisfied through imports.[36] Chicken remains the most popular poultry item in Poland, accounting for roughly 59.0 percent of total consumption levels in 1997, with turkey accounting for an additional 16.2 percent, and the remaining 24.8 percent representing consumption of other poultry meat, such as duck and goose.[37]

Demand for turkey meat in Poland remains overshadowed by demand for other types of poultry, based on the fact that Polish consumers are less familiar with turkey meat than other types of poultry, and that it has typically been more expensive than other types of poultry in local markets. The average retail price of turkey meat was 30 percent higher than the average retail price of chicken as of June 1997.[38] Nevertheless, Polish importers report that demand for turkey meat for use in domestically processed products—especially smoked sausages—is developing fairly rapidly, as the exposure of Polish consumers to this non-traditional product grows. Indeed, the FAS agricultural attache in Warsaw estimates that turkey consumption in Poland increased 10 percent from 67,000 to 74,000 MT between 1996 and 1997, compared to an 8-percent increase in chicken meat consumption and a 2-percent decline in the consumption of other poultry meat.[39] However, given the continued existence of a tariff rate quota for all types of imported poultry meat in 1997 (31,314 MT in total) and projections of a recovery in domestic turkey meat output, it is believed that actual Polish imports of turkey meat in 1997 only increased by 2,000 MT, compared to a domestic consumption increase of 7,000 MT.[40]

While growing local demand for turkey meat as a component in processed products may offer some modest new opportunities for U.S. poultry exporters, it is important to note the elastic nature of Polish demand for imported turkey meat. Most of the Polish traders we interviewed agreed that the level of interest in U.S. turkey meat is highly dependent on price, both in relation to other types of meat and in relation to the price of turkey meat from alternative suppliers. As a rule, Polish consumers still prefer processed meats (such as sausages, frankfurters and other cold cuts) made from pork or beef. For a processed poultry product to succeed in the local market, we were told that it must be an outstanding "gourmet" product, and must be priced competitively with processed pork or beef products. Since attractive pricing is such a vital component in the ability of local manufacturers to market processed poultry products successfully in local retail markets, the demand from these

[35] "Poultry Annual Report," American Embassy, Warsaw, Poland, August 1996, p. 7. Average exchange rate for July 1996 (1 U.S. dollar=2.7145 zloty) obtained from International Financial Statistics, International Monetary Fund, October 1996, p. 499.
[36] "Poultry Annual Report," American Embassy, Warsaw, Poland, August 1997, p. 2.
[37] "Poultry Annual Report," American Embassy, Warsaw, Poland, August, 1997, pp. 2 and 6.
[38] "Poultry Annual Report," American Embassy, Warsaw, Poland, August 1997, pp. 7 and 11.
[39] "Poultry Annual Report," American Embassy, Warsaw, Poland, August 1997, pp. 2, 6 and 10.
[40] "Poultry Annual Report," American Embassy, Warsaw, Poland, August 1997, p. 10.

manufacturers for turkey meat from individual supplying countries is said to be highly variable; for example, at the time of our interviews (June 1996), demand for U.S. turkey meat was said to be restricted by the fact that it was currently more expensive than French-origin turkey meat. It should also be noted that there is also said to be virtually no demand for value-added turkey products from the United States, as frozen versions of processed poultry meats such as sausages still remain highly unpopular with local Polish consumers, who are accustomed to purchasing fresh sausages.

Reexport Market in Processed Product

According to several of the poultry importers we spoke to in Poland, especially the small to medium-size trading firms, one of the most promising areas of poultry trade over the near term involves the importation of turkey meat from the United States for processing into inexpensive sausages, which are then reexported to the countries of the NIS. As mentioned in the preceding chapter, Poland has been exporting an increasing quantity of meat sausages and other processed meat products to its Eastern European neighbors. More than 70,000 MT of meat sausages and prepared/preserved meat products were officially recorded by the Polish Ministry of Agriculture as having been exported from Poland in 1995, up from fewer than 40,000 MT in 1994. The vast majority of these exports (81 percent) were shipped to Russia, Belarus and Ukraine. (Ukraine was credited with 3 percent of the export total.) If anything, the actual size of the export trade in sausages is probably larger than official statistics indicate, since it is unlikely that such statistics are able to capture that portion of the export trade which is represented by "non-commercial" basis, such as merchandise which is being imported into Ukraine by an individual under a "personal use" exemption.

As the chicken leg quarter reexport market from Poland to the NIS becomes increasingly dominated by large companies who deal in bulk volume and are difficult to compete with on price, some of the smaller import/export firms in Poland handling meat products have begun to concentrate on importing U.S. turkey meat for use in the local manufacture of inexpensive sausages for reexport. A typical recipe for such a sausage is said to contain about 50 percent turkey meat, 30 percent beef meat, and 20 percent pork fat. These sausages, which are typically vacuum packed (not frozen), and have a limited shelf life of about 3 weeks, are then sold to markets in the NIS, like Ukraine. However, turkey meat imported into Poland for eventual reexport is still subject to Polish customs duties, and projected increases in domestic Polish turkey production may narrow the future market potential for U.S. turkey meat in Poland by encouraging greater use of domestic turkey meat for processing purposes. According to one representative of a U.S. poultry company active in the Polish market, "turkey franks from the United States are twice as expensive in Poland as those made with Polish-origin product because of the tariff rate quota."[41]

Reputation of U.S. Poultry

U.S. exporters should be aware that U.S. poultry products generally face some resistance from Polish household consumers, who typically regard Polish-origin poultry as superior to imported poultry, and are said to be extremely concerned about the healthfulness of imported meat products (especially with regard to the use of antibiotics and hormones). Moreover, U.S. poultry is often regarded as inferior to other imported poultry, notably French- and Dutch-origin product, in terms of taste, quality, and wholesomeness. Thus, we were told by several Polish meat importers that U.S. poultry can generally only be marketed competitively if it is priced cheaper than the local product, and that it is not unusual for the origin of U.S. chicken to be disguised in retail outlets. One buyer for a prominent food importer mentioned that she had "never" seen U.S.-origin chicken on sale in a local supermarket, at least not advertised as such. Another food importer admitted that, for retail marketing purposes, he repacks imported U.S. chicken leg quarters in plastic bags (containing two to four leg pieces each) which have his company's logo on the label, and not the U.S. producer's logo. However, customers in Poland who are purchasing meat product for further processing are said to prefer U.S.-origin poultry to poultry from other sources (including domestically produced poultry), because it tends to lose less water weight when it is processed, based on the way that it is it handled and frozen immediately after slaughter. In addition, processors are said to favor U.S. poultry because it tends to have a larger ratio of meat to bone than poultry from many Western European origins.

The source of the negative reputation of U.S. poultry among many Polish consumers appears to be linked to recent press campaigns in the Polish media. We were told by several Polish traders that in 1993, Polish journalists—reportedly influenced by local farmer associations—launched a press campaign aimed at raising fears about the level of antibiotics and hormones present in U.S. poultry, causing demand for U.S. poultry to plummet. (One of the importers we interviewed said that his monthly poultry sales dropped to one-fifth of their previous level immediately following the publication of these articles.) This incident was followed a

[41] Quote obtained during personal interview with representative of U.S. poultry company in Gdynia, Poland, June 1996.

year and a half later by the broadcast of a three-part television documentary, entitled "America, America", which purported to take an in-depth look at the caged feeding system used to produce American poultry, and portrayed the American production system in a very negative light.

In addition to such negative propaganda circulating in the Polish press, we were also told by several Polish traders about periodic rumors suggesting that some of the U.S. chicken entering the Polish market was several years old. According to one rumor, it was believed that a recent shipment of U.S. chicken leg quarters was being offered 20 percent cheaper than Western European chicken leg quarters because they had been held in cold storage nearly 5 years, and had only recently been released from U.S. military stockpiles. Another rumor suggested that chicken in the United States could be held in cold storage for up to 5 years before being marketed to the public, compared to a maximum legal restriction of 1 year in Poland. Thus, potential exporters of U.S. poultry to the Polish market should be prepared to address issues related to the freshness and wholesomeness of their products.

Inspection Requirements for Imported Poultry

This section of the report describes requirements that imported poultry must satisfy in order to meet Polish veterinary and quality standards, and be officially approved for release to the domestic Polish market. The imported poultry products subject to these standards—which cover a wide range of issues involving processing methods, packaging, labeling, temperature requirements for storage and product appearance—*also include poultry intended for further processing before it is reexported.* The only imported poultry products moving through Poland which are exempt from these standards—and exempt from Polish customs duties—are specifically designated as transit goods, and never officially enter Polish customs territory (e.g., they are merely transported through the country or are stored in a duty-free customs warehouse). A discussion of Polish veterinary inspection requirements and methods for these transit goods are addressed later in this chapter.

Processing Requirements in Country of Origin

Imported poultry meat processed by certain methods is not permitted for internal consumption in Poland, or permitted to enter Poland for further processing and eventual reexport. The list of prohibited poultry meat products include:

- "Mechanically separated" meat;
- Meat which contains polyphospherants as a preservative; and
- Meat which has been cleaned by chemical methods.

According to Polish veterinary inspectors, the greatest problem related to the approval of U.S. meat products in Poland involves some of the cleaning methods used by smaller U.S. producers. Since chemical cleaning methods for meat products are not officially allowed in Poland, some Polish importers want the pH levels of imported U.S. meat products to be tested and will include this requirement in their contract specifications. Meanwhile, the Polish veterinary inspection staff are willing to accommodate these importers by offering tests for pH levels on request. The veterinary inspection staff at the port of Gdynia have not typically seen problems with poultry imports from the United States in terms of the processing methods used. However, they have experienced some problems with a U.S. supplier of beef variety meats, and tend to inspect arrivals from this particular supplier with greater scrutiny than usual.

Packaging Requirements

Meat importers and inspectors in Poland report that improper packaging is one of the most frequent obstacles encountered when importing poultry from the United States. The use of improper packaging has actually resulted in instances when Polish veterinary inspectors have prevented the importation of poultry containers from the United States and Canada. In contrast to Ukraine and Russia, Poland does not allow the importation of block-packed poultry, which is packed in a single block of ice. In the absence of unit packaging (such as shrink-wrapped trays or polyethylene bags), imported poultry parts must at least be layer-packed, with pieces separated by layers of plastic film, so that the parts can be easily separated for inspection purposes. As stated in Section 4.1.1. of the Polish Standard for Poultry Meat in Carcass Parts (October 1994), "an absence of unit packaging is acceptable in the case of poultry meat in carcass parts marketed in a frozen or refrigerated condition, provided that such parts are protected by plastic foil approved for meat packaging and placed in a transport package."[42]

The Polish veterinary and quality inspectors are very stringent about enforcing this packaging regulation, so much so that even when poultry has been layer-packed at the U.S. processing plant, there have been occasions when containers of U.S. poultry have been rejected at the border because the inspectors could not remove individual pieces for thorough inspection. The problem is said to occur most frequently when poultry is packed very fresh and wet before being frozen, as is standard practice at many U.S. (and Canadian)

[42] Excerpt from translated version of "Poultry Meat in Carcass Parts," Polish Standard PN-A-86524, Polish Committee for Standardization, October 1994.

firms, resulting in an excessive buildup of ice in poultry cartons during shipment. (In contrast, importers in Poland noted that processing firms in other exporting countries, such as France, typically freeze poultry meat when it is dry, resulting in fewer problems upon arrival in Poland in terms of ice buildup and water leakage in cartons.) To prevent a repeat of any such inspection problems, some Polish importing companies actually maintain a "blacklist" of North American factories and producers who have sent them goods which were difficult to bring into the country, so that they can avoid purchasing products from them in the future.

While leaky cartons are technically admissible into Poland, unlike block-packed poultry, some of the quality inspectors of meat products we interviewed in Poland acknowledged that they have occasionally questioned the import of poultry cartons from the United States which "contain too much water" and have (unspecified) "excessive leakage". Several meat importers we interviewed confirmed that the existence of leaky cartons can prolong the entry of imported poultry products, noting that they had either encountered delays with having such cartons admitted into the country or had actually been fined by Polish government inspectors for importing cartons of U.S. poultry products—especially organ meats such as chicken livers— with excessive leakage. Thus, they would highly recommend that U.S. processors packing chicken organ meats for the Polish market (domestic or reexport) make sure to use wax cartons with adequate lining. Generally, in terms of importing items such as chicken leg quarters from the United States, however, problems involving excessive carton leakage almost always involve the import of bulk-packaged product for reexport to the NIS, and rarely involve the import of layer-packed poultry for distribution to the Polish domestic market.

Labeling Requirements

In addition to strict requirements regarding the condition of packaging for imported poultry, the Polish government also maintains strict requirements regarding labeling. According to the chief veterinary inspector at the port of Gdynia, each carton of imported poultry from the United States is required to contain the following information on its labels, in Polish as well as English, where applicable:

- A brief description of the carton's contents, which includes the relevant poultry species (e.g., chicken, turkey), the relevant assortment of products (e.g., leg quarters, livers), and the thermal condition of such products (e.g., frozen, refrigerated);
- The name and address of the producer or packaging plant;
- The identification number of the producer or packaging plant (as recognized by USDA Food Safety and Inspection Service);
- The net weight (in grams or kilograms); and
- The date of production (preferably in European, not North American, numeric sequence— day/month/year—to prevent any confusion during the inspection process).

Bar codes cannot be substituted for this descriptive label information.

Additional label information, which is either recommended in the official Polish standards for labeling of poultry packaging, and/or which the chief veterinary inspector at the port of Gdynia advises as beneficial to facilitate the prompt clearance of imported poultry includes:

- Recommended consumption period for the enclosed product, which includes the phrase "Best when consumed before . . ." and is followed by a "minimum shelf life date"(month and year). Printing actual expiration dates on carton labels is not recommended, because Polish regulations do not permit the sale of products past the stated expiration date;
- Recommended storage conditions/temperature ranges to enhance product shelf life;
- Inclusion of a symbol which indicates that the carton has been inspected by veterinary authorities from the country of origin; and
- Inclusion of a production batch symbol which allows for easy product identification.

Some of the importers we interviewed in Poland complained that cartons of frozen poultry occasionally arrive from the United States without the date of production and other such mandatory information stamped on their labels, causing unnecessary clearance delays and even possible financial losses to the importer. One importer we spoke to mentioned that he had lost several thousand dollars on the sale of a container of frozen poultry from the United States, based merely on the fact that the labels on the enclosed cartons of poultry were missing some required information, leading Polish veterinary inspectors to delay the release of the container.

Aside from receiving poultry products from the United States with incomplete carton label information, several of the Polish importers we interviewed also reported problems receiving with *inaccurately* labeled cartons from U.S. poultry suppliers. The primary area of concern involves apparent discrepancies between the declared weight printed on the outside of poultry cartons and the actual weight of individual cartons packed inside a single container. This discrepancy can put the receiver at risk of being fined by Polish government inspectors for selling "underweight" cartons, and force the receiver to repack product before delivering it to a final buyer who wants less than a

container-load of product.

Polish importers claim that—unlike poultry suppliers from other origins—U.S. suppliers frequently ship containers of frozen poultry where the weight of individual cartons are not standardized. One supplier noted that in the last shipment of seven frozen poultry containers that he had received from the United States, only 3 out of every 50 cartons held a quantity of product which matched the declared weight on the outside of the cartons, and 30 to 40 percent of the cartons held a quantity of product which was *lower* than the declared weight of the carton. Thus, in order to avoid being fined by Polish veterinary inspectors for selling "underweight" cartons, and to prevent buyers from receiving more than their fair share of product in an "overweight" carton, his staff was forced to carry out the time-consuming task of shifting product from "overweight" cartons to "underweight" cartons in an attempt to standardize their weight. The reason that U.S. poultry suppliers are said to ship underweight cartons more frequently than suppliers from other origins is that their standard packing practices do not allow for as much shrinkage as packing practices in other countries; for example, the Polish poultry industry typically packs 12 percent more product than the declared weight in each carton before freezing, compared to a more typical U.S. practice of packing only 5 percent excess product in each carton before freezing. Concerns about the reliability of U.S. poultry suppliers in terms of shipping products with standardized carton weights have led some Polish importers to be very cautious about conducting

Table 9. Acceptable Characteristics for Imported Poultry Meat Consumed or Processed Within Polish Customs Territory

	Poultry meat in carcass parts, with bones	Poultry meat in carcass parts, without bones
Appearance	Parts with proper musculature; muscles and skin not connected with each other are not acceptable; cutting lines shall be even and smooth; small incisions on skin and muscles on the margins of the cut are acceptable; in assortments including wings, absence of the wing end section is acceptable; front half- or quarter-carcass may be with or without neck	Skinned breast muscles (except for boneless breast), bones or ligaments removed; limited muscle tears or cuts resulting from separation of skin from the skeleton are acceptable.
Color	(Must be) characteristic and natural for the skin and muscles of a given poultry species; bloody effusions in breast and leg muscles are not acceptable; darkening of the natural color of frozen part surfaces is acceptable; slight reddening of the end wing section is acceptable	(Must be) natural and characteristic for breast muscles of a given poultry species; blood effusions into muscles are not acceptable; darkening of natural surface color of frozen parts muscles is acceptable
Smell	(Must be) natural and characteristic for meat of given poultry species. Foreign smells, odor indicating decomposition of meat by bacteria, or odor of rancid fat are not acceptable	(Must be) natural and characteristic for meat of given poultry species. Foreign smells, odor indicating decomposition of meat by bacteria, or odor of rancid fat are not acceptable

Source: "Poultry Meat in Carcass Parts," Polish Committee for Standardization, October, 1994.

business with unfamiliar firms.

Product Condition and Appearance Requirements

Table 9, a translated version of the table which appears in the official Polish standard for "Poultry Meat in Carcass Parts," describes Polish government requirements for poultry meat appearance, color, and smell. According to the chief veterinary inspector at the port of Gdynia, visual and sensory inspections of poultry meat—which generally take place after samples have be allowed to thaw over a period of 24 hours—focus on evaluating the external and internal color of the poultry (e.g, grey discoloration near the bone), the physical structure and texture of the poultry, and whether or not the poultry smells fresh or spoiled. If the inspectors note any problems with the poultry in its thawed state, they may conduct additional tests (sometimes by cooking the meat), to determine whether or not the poultry will be allowed to be sold in Poland without restriction, allowed to be used for processing only, or rejected for local consumption and processing altogether.

The most frequent problems in terms of product appearance and condition that meat inspectors in Poland have encountered with U.S. poultry are:

- Broken bones in chicken thigh meat (especially troublesome when the fracture appears to have occurred when the chicken was still alive, given the nature of the blood stains); and
- Insufficient cleaning of chicken organ meats.

On rare occasion, containers of U.S. frozen poultry have also been rejected because of spoilage, but this is not considered a serious recurrent problem.

Another issue related to product condition that the prospective exporter to Poland should be aware of is that the official Polish standard for poultry parts explicitly stipulates maximum levels for the acceptable *metal content* of poultry products, as outlined in table 10.

Temperature and Storage Requirements

There are two primary sets of Polish inspection regulations related to temperature and storage requirements for poultry meat designated for domestic consumption or processing: one set pertains to the condition of imported poultry during transport to Polish territory, and the other set pertains to acceptable conditions for long-term storage of poultry prior to final sale. In general, the official temperature requirement for frozen poultry meat (as listed in the standard for "Poultry Meat in Carcass Parts") is that the temperature should not exceed -12 degrees Centigrade (10.4 degrees Fahrenheit). However, it is standard inspection practice in Poland to confirm that a container of frozen poultry was shipped at the temperature indicated on the accompanying export documents. If such documents mention that the product was kept at or below a certain temperature during shipment (0 degrees Fahrenheit, or -17.8 degrees Celsius, is a typical claim), the inspectors will often check the records to confirm that the temperature didn't exceed this level during the shipment. This record-checking could theoretically hold up clearance of a shipment on the grounds that actual temperature conditions during transport differed from the levels claimed, despite the fact that the actual temperature of the product never reached the maximum allowable level for frozen poultry of -12 degrees Centigrade (10.4 degrees Fahrenheit).

Table 10. Acceptable Metal Content in Poultry Meat Designated for Polish Consumption/Processing

Type of Metal	Quantity (milligrams of metal per kilogram of meat)
Cadmium	0.05
Lead	0.30
Arsenic	0.20
Mercury	0.01
Copper	5.00
Zinc	20.00
Tin	20.00

Source: "Poultry Meat in Carcass Parts," Polish Committee for Standardization, October 1994.

Temperature conditions are also very important in Poland in determining the length of time that any particular carton of poultry can legally be held in cold storage before being sold to Polish consumers. As indicated in table 11, the acceptable period of cold storage for frozen poultry varies greatly depending on the type of poultry product involved, the way the product is packaged, the temperature range used to store product, and the type of airflow used in cold storage facilities. In cases where imported poultry products have been held in cold storage more than their legally allotted time, but under 12 months, Polish veterinary inspectors offer follow-up inspections each month for a fee. If no problems are found with the poultry as the result of the inspection, the receiver is granted an additional 30-day period during which he or she can sell the product legally on the Polish market without restriction.

Other Buyer and Consumer Preferences in Poland

In addition to the numerous official standards to which imported poultry meat is expected to conform in Poland, there are several product specifications related to the packaging and appearance of U.S. poultry products that may not be officially required for entry into the country, but which are typically preferred by Polish buyers and consumers. Some of the product preferences most commonly expressed by receivers of U.S. poultry products in Poland include the following items:

Table 11. Temperature Requirements for Long-Term Storage of Poultry Meat Designated for Polish Consumption and/or Processing

Commodity	Temperature	Airflow	Storage Period (in months)
Carcasses in heat-shrinkable wrap	–22.1 to –30 Celsius	Not specified	12
	–18.1 to –22 Celsius	Natural, periodically forced	12
	–14.1 to –18 Celsius	Natural and forced	5
Carcasses in sealed polyethylene bags	–22.1 to –30 Celsius	Not specified	8
	–18.1 to –22 Celsius	Natural, periodically forced	6
	–14.1 to –18 Celsius	Natural and forced	3
Unwrapped carcasses	–22.1 to –30 Celsius	Not specified	5
	–18.1 to –22 Celsius	Natural, periodically forced	3
	–14.1 to –18 Celsius	Natural and forced	2
Carcass parts in heat-shrinkable wrap	–22.1 to –30 Celsius	Not specified	12
	–18.1 to –22 Celsius	Natural, periodically forced	12
	–14.1 to –18 Celsius	Natural and forced	5
Carcass parts in sealed polyethylene bags	–22.1 to –30 Celsius	Not specified	7
	–18.1 to –22 Celsius	Natural, periodically forced	4
	–14.1 to –18 Celsius	Natural and forced	2
Poultry giblets and fat in sealed polyethylene bags	–22.1 to –30 Celsius	Not specified	3
	–18.1 to –22 Celsius	Natural, periodically forced	3
Packaged poultry legs	–22.1 to –30 Celsius	Not specified	7
	–18.1 to –22 Celsius	Natural, periodically forced	4

Source: Obtained during interview with Veterinary Inspection Office, port of Gdynia, June 1996.

Product appearance. Although the import of yellow-skinned chicken—which is so popular in the United States—is permitted in Poland, Polish consumers are accustomed to and greatly prefer pale-skinned chicken. We were told repeatedly that widespread consumer acceptance of yellow-skinned chicken would probably require additional promotion.

Packaging condition and unit size. Several Polish importers who supply U.S. poultry to the domestic market stated that they prefer to receive chicken leg quarters in "honeycomb" packed cartons, indicating a layer-packed carton (with chicken pieces separated by plastic film) where each layer of leg quarters is positioned in the opposite direction to maximize the quantity of product that can fit into a single carton. One large meat importer also expressed a preference for receiving cartons of U.S. poultry containing 15 kilograms (33 pounds) of product apiece, although the company has also received merchandise from the United States in 18-kilogram (40-pound) and 20-kilogram (44-pound) cartons.

Wholesale companies selling to retailers and food service institutions are sometimes willing to pay a modest price premium in order to receive imported frozen chicken leg quarters with the following traits:

- Very pale (not yellow) skin.
- "Individually quick-frozen" chicken.
- "Honeycomb" layer-packed cartons, where each layer is positioned in the opposite direction to maximize the quality that can fit into a single carton.
- Minimal ice in cartons.

Shipments Through Poland for Delivery to Another Market

Inspection Requirements

In the case of "transit" goods, which are merely transported through or stored on Polish territory (such as in a "duty-free" customs warehouse) before final delivery to a customer from another country, Polish veterinary inspectors are generally only looking to confirm four items before issuing a transit permit:

- The number of cartons in a container matches the number of cartons listed on the original export certificate of wholesomeness.
- The contents and weight of cartons match the description appearing on the export certificate of wholesomeness and the carton labels.
- Temperature records verify that the product was shipped at or below the temperature claimed on export documents.
- The product contains no apparent infectious diseases.

The only other responsibility that the Polish veterinary inspection staff typically assume in terms of inspecting transit goods involves supervising the reloading of goods onto trucks or railcars for the purpose of transporting the cargo to its final (foreign) destination. They ensure that the transfer of goods takes place under proper sanitary conditions, and that the receiving vehicle is clean and in proper working order (e.g., the refrigeration equipment is working satisfactorily). Quality inspectors are not involved in the inspection of transit goods.

General Structure of Informal Cross-Border Trade

As mentioned briefly in Chapter 1, the last few years have seen the establishment of a number of cold storage warehouse facilities in eastern Poland, which offer imported meat products for inspection and purchase by traders from Ukraine, Belarus, and the Kaliningrad region of Russia who live relatively short distances from the Polish border. The range of products offered for sale includes duty-free products officially designated as "transit goods" by the Polish Customs Department. Our research team had the opportunity to visit one such facility in Lublin, Poland, where one of the refrigerated warehouses on the premises—certified by the Polish Customs Department as an authorized warehouse for duty-free imported products—had a 500 MT storage capacity, equivalent to about 21 container loads of frozen poultry parts (at 52,000 pounds per container). We also met with a food importer from the Lomza province in northeastern Poland who is planning to establish a similar cold-storage warehouse facility in his region. According to traders and warehouse managers from eastern Poland, these facilities offer potential buyers from the NIS the following advantages (beyond the obvious advantage of access to duty-free imported products):

- *Buyers can purchase less than a container load of imported poultry products at a time.* This eliminates problems for buyers who may want to purchase imported meat products in bulk, but do not have the cash on hand, the refrigerated storage capacity, or the desire to purchase a container load of product. At the warehouse facility we visited in Lublin, a standard purchase of frozen poultry products by Ukrainian buyers ranged between 2 and 12 MT (between 4,400 to 26,450 pounds). Moreover, buyers from Ukraine purchasing relatively small quantities of meat products may be seeking to avoid commercial duties by claiming that meat purchase are for "personal use"; as of June, 1996, Ukrainian citizens were technically allowed to import goods worth up to $1,400 free of commercial

duties under a "personal use" exemption.

- *Buyers can "take home" products immediately, and don't have to wait several weeks to receive their orders, eliminating potential cash-flow problems.* This represents a preferential arrangement for the buyer who can't afford to pay cash in advance for a special order from a foreign supplier, which generally takes 3-4 weeks to arrive.
- *Buyers can inspect products before purchase.* Buyers from the NIS are said to greatly prefer the ability to examine a product before purchasing it.

Anecdotal evidence gathered from our field interviews suggests that demand for the type of services provided by these cold-storage warehouses facilities is fairly strong. A food importer from Lomza noted that he has already observed a steady stream of business from "tourists" from the NIS, who typically purchase 500 to 700 kilograms (around 1,100 to 1,500 pounds) of food at a time and transport it home in passenger cars. Similarly, a meat processor in the Lublin area mentioned that he expected five people from Ukraine to arrive in a few days in a gutted bus, purchase 2 MT (around 4,400 pounds) of vacuum-packed hot dogs with U.S. dollars, fill up the bus, and drive it back to Ukraine.

Shipments to Ukraine

Segmentation of the Ukrainian Market for Imported Poultry

In Ukraine, price is believed to be far and away the most important factor in determining consumer preferences, with quality a distant second. Imports of chicken leg quarters currently comprise the majority of poultry products imported from the United States, accounting for about 75 percent of the market. A substantial portion of the market, about 20 percent of poultry imports from the United States, reportedly consists of imports of cheaper poultry products, primarily lower quality chicken frankfurters and sausages and other processed meat products with a high percentage of filler.[43] Most of the poultry products imported from the United States are designated for immediate retail sale, although some smaller traders interviewed in Ukraine noted some growing interest in imports of poultry meat for further processing into sausages (based on the high price of locally produced product.) Chicken intestines imported for sausage casing fetch nearly the same price as chicken meat in retail shops (around $2.00 per kilogram), according to one importer in Western Ukraine, interviewed in June, 1996.

[43] Information on market share obtained in interview with representatives of Ascop Corporation, Kiev, Ukraine, June 1996.

Temporary Ban on Poultry Imports Containing Offal

Since the time of our research team's interviews in Ukraine (June 1996), the Ukrainian government has imposed a ban on the importation of poultry and livestock products containing offal, which effectively bans the legal importation into Ukraine of virtually all poultry frankfurters and sausages.[44] At the time this publication was being completed, the ban had been in effect since December 1, 1996. However, a FAS agricultural policy advisor recently noted that U.S. and Ukrainian veterinary authorities have been in close contact since that time to see if this trade dispute can be resolved, and it is his personal belief that this trade barrier may well be removed in the near future.[45] According to this same advisor, at least one U.S. firm had been granted an exemption to this import restriction by Ukrainian veterinary authorities since the ban was officially imposed, and supplies of frozen poultry frankfurters and sausages which had been imported prior to the imposition of the ban had been sold on the open market.

Economic Factors Contributing to Ukrainian Consumption Patterns

The predisposition of Ukrainian consumers towards inexpensive meat products reflects the low average level of disposable income in a country where heavy meat consumption is a firmly entrenched cultural tradition. This desire for meat has encouraged the increasing substitution of relatively inexpensive chicken products for pork or beef in recent years, as government subsidies of domestic meat production have declined. At the end of second quarter 1996, the average monthly wage in Ukraine hovered around $73, compared to an average of $362 in Poland during the same time period.[46] Moreover, a disproportionately high percentage of Ukrainian households (as many as 20 to 25 percent) is said to consist of retirees living on fixed pensions.[47] Consequently, many families in Ukraine cannot afford to purchase meat at all, and subsist on potatoes, cabbage, and bread. When they do purchase meat, the typical Ukrainian household is said to purchase only around one kilogram (2.2 pounds) per week. Items such as chicken leg quarters are typically purchased in units of 2-3 kilograms

[44] "Livestock Voluntary Report," Office of Agricultural Affairs, American Embassy, Kiev, Ukraine, November 1996, p. 3.
[45] Based on information obtained during a personal interview in Washington D.C. with Robert Walker, FAS Agricultural Policy Advisor, on March 19, 1997. Mr. Walker was posted in Kiev, Ukraine (as an FAS advisor to the Ukrainian Ministry of Agriculture and Food) until June 1997.
[46] Polish and Ukrainian average quarterly wage rates obtained from Economist Intelligence Unit Country Reports, Third Quarter 1996.
[47] Information on pensioners obtained in personal interview with Andrei Lyssikov, Office of Agricultural Affairs, American Embassy, Kiev, Ukraine in June 1996.

(between 4.4 and 6.6 pounds), while more expensive processed meats, such as cold cuts, are often sold by the piece.

In addition to chicken leg quarters, other popular retail items include "soup sets" (a pack of chicken wings in 0.5 and 1 kilogram sizes), smoked chicken, and chicken that has been flattened and cut in half for grilling. The presence of U.S.-origin chicken products in the Ukrainian market, however, is almost entirely limited at the moment to chicken leg quarters or chicken frankfurters, items which can be produced cheaply enough in the United States to be priced competitively in the Ukrainian market. Chicken is by far the most popular imported poultry meat in Ukraine; turkey is still said to be practically unknown in NIS countries like Ukraine or Belarus, and it accounts for less than 5 percent of the local market for poultry imports, although interest in turkey thigh meat and processed turkey products is said to be increasing modestly. Demand for imported chicken appears to be particularly brisk during the cold fall and winter months (November to April).

Aside from the generally low income level of Ukrainians, meat consumption is further constrained by retail prices of imported foodstuffs in Ukraine being inflated by hefty costs in the form of high tariffs, customs fees, value-added taxes and other indirect costs accrued during the distribution process, making even the cheapest imported meat products exceptionally expensive in relation to local incomes. At the time of our interviews in late June 1996, local traders reported that chicken leg quarters were retailing in western Ukraine for around $2 per kilogram (approximately 90 cents per pound), while a value-added product like smoked chicken could sell for as much as $5 per kilogram (approximately $2.25 per pound).

An analysis of the prevailing tariffs, taxes, and other costs involved in the importation of meat products quickly reveals why the retail price of meat products is so high. The import tariff on chicken leg quarters (technically 30 percent of the customs value of the goods) was said by representatives of the Ascop Corporation (a U.S.-Ukrainian joint venture company) to range between 80 and 90 percent in real terms at the time of our interviews in June 1996. This discrepancy occurs because of the clause in the customs tariff regulation which mandates that the tariff can be no less than 0.7 ECU per kilogram (approximately 40 cents per pound in June 1996).[48] In the case of processed meat like sausages, the actual import tariff was said to be closer to 100 percent of the value of the imported product.

Claims that the actual Ukrainian tariff on imported poultry parts was nearly equal to their customs value appear quite plausible in light of prevailing commodity and freight prices at the time that field interviews were conducted. For example, the price of U.S.-origin block-packed chicken leg quarters destined for the Ukrainian market, c.i.f. Gdynia, Poland, was reported by some Polish traders to be in the range of $1,050/$1,060 per metric ton, or 48 cents per pound.[49] If one factors in the cost of transporting these same leg quarters by truck from the port of Gdynia, Poland, to the western Ukrainian town of Lviv (approximately 3.2 cents per pound), and the cost of having a container inspected and cleared by Polish veterinary and customs officials (approximately 0.05 cent per pound), the estimated "cost and freight" price of U.S.-origin chicken leg quarters delivered to a destination in western Ukraine hovered somewhere around 51.25 cents per pound in June 1996, excluding Ukrainian customs tariffs and taxes.[50] Consequently, the Ukrainian tariff on imported poultry parts—no less than 0.7 ECU per kilogram or about 40 cents per pound—would have represented nearly 80 percent of the value of the imported goods.[51]

In addition to the basic import tariff, the retail price of imported poultry products in Ukraine is further inflated by a 20-percent value-added tax (applied after customs tariffs are calculated), and additional costs resulting from theft and losses during the transportation and distribution process. These latter costs can be quite substantial in Ukraine's current environment: at certain Ukrainian ports, such as Odessa, authorities are said to demand as much as 20 percent of the cargo before allowing imported merchandise to be discharged and cleared. Consequently, Ascop representatives estimated that for every $1 of product that the company imports, it must charge approximately $3 to its customers to cover tariffs, taxes and other costs.[52]

[48] The average ECU exchange rate for June 1996 equaled 1.2527 U.S. dollars, suggesting that 0.7 ECU equaled approximately 87.69 cents, and that an import tariff of 0.7 ECU per kilogram equaled approximately 39.77 cents per pound (87.69 cents divided by 2.2046). ECU exchange rate information was obtained from the August 1996 edition of International Financial Statistics published by the International Monetary Fund.

[49] Price quotes obtained from personal interviews with several food importers in the eastern Polish town of Lublin, June, 1996.

[50] Per pound freight rate by truck assumes a container holds 52,000 pounds of product and is based on a truck freight quote of $1,670 per container, obtained from a Polish freight forwarder in June 1996. Veterinary inspection fee information obtained from personal interview with a former veterinary inspector (now working as an industry consultant for a meat-importing firm) in Gdynia, Poland, June 1996.

[51] The average ECU exchange rate for June 1996 equaled 1.2527 U.S. dollars, suggesting that 0.7 ECU equaled approximately 87.69 cents, and that an import tariff of 0.7 ECU per kilogram equaled approximately 39.77 cents per pound (87.69 cents divided by 2.2046). ECU exchange rate information was obtained from the August 1996 edition of International Financial Statistics published by the International Monetary Fund.

[52] Quote obtained during personal interview with Ascop Corporation representatives in the company's Kiev, Ukraine office in June 1996.

The difficulty of importing poultry products legitimately and marketing them competitively in Ukraine has led to the development of an entire cottage industry among small entrepreneurs, who import small quantities of meat products at a time from Russia and Poland in an attempt to avoid commercial duties. Ukrainian customs policy allows individuals to import goods up to $1,400 in value without having to pay commercial duties if the goods are for "personal use," and a number of small importers have (illegally) used this exemption to bring goods into Ukraine and resell meat products for much lower prices than supermarkets and grocery stores can offer. Two of the local traders we interviewed in Ukraine in June 1996 estimated that as much as 70 percent of the 70,000 MT of imported poultry they expected Ukraine to consume in 1996 (around 50,000 MT) would be brought into Ukraine by small traders during 1996. Many of these products are sold in open-air markets and on street corners in urban areas, nestled among other imported items such as toiletries and snack foods.

Unlike Poland, where the domestic market for imported frozen poultry is largely driven by the needs of the food service sector, most of the poultry imported into Ukraine is purchased for household preparation and consumption. Restaurants in Ukraine are still considered the domain of the wealthy, and are said to account for a very small percentage of overall food consumption. The proliferation of fast food restaurants in Ukraine is only just beginning, and they are not yet a major part of the local landscape. Construction of the first McDonald's restaurant in Kiev began in February 1997 and as many as seven McDonald's restaurants were scheduled to open in Ukraine by the end of 1997. Given the low average levels of disposable income in the country, fast food restaurants are not expected to have widespread appeal among the average Ukrainian consumer in the near term. Nevertheless, it is possible that the scheduled opening of fast food operations in Ukraine may offer some new sales opportunities to U.S. poultry exporters over the short term, although, in the long run, McDonald's is reportedly planning to utilize locally produced and procured food supplies in their Ukrainian restaurants.[53] In June, 1996 it was rumored that a U.S. firm based in Florida was seeking to launch a fryer-chicken operation in the northern part of Odessa *oblast* (province) in order to supply the McDonald's restaurants scheduled to open in Ukraine. However, they had not yet worked out the details of how they would be able to get sufficient quantities of soybean meal and soybean oil into Ukraine to operate such an operation efficiently.[54]

Reputation of U.S. Product

According to local traders, U.S. poultry products generally enjoy a very good reputation in Ukraine, and U.S.-origin products are advertised heavily in the marketplace. U.S. chicken parts are particularly highly prized for their taste, since some alternative suppliers of chicken parts from Western Europe, such as Holland, use fishmeal in their feed mix, which affects the taste of the chicken meat when it is prepared in certain ways such as boiling or frying. Nevertheless, some traders in Ukraine indicated—similar to the situation which exists in Poland —that local journalists occasionally publish articles which question the wholesomeness of U.S. chicken, based on the feeding and production systems used to raise chickens in the United States. Consequently, these traders would welcome additional support from the U.S. industry and trade associations, in terms of advertising and educational materials, in order to combat such negative propaganda.

Packaging Issues

Imports of block-packed chicken leg quarters (packaged in a solid ice block without plastic film separating individual pieces) are considerably cheaper than the layer-packed chicken required in Poland and are acceptable for import into Ukraine (as they are in Russia). The fact that packaging requirements are less stringent for the Ukrainian market has reportedly allowed U.S. exporters to sell chicken leg quarters destined for the Ukrainian market at a considerably lower price than the comparable product being offered for the domestic Polish market. According to information obtained from traders in eastern Poland in June 1996, the difference in packaging requirements between the Polish and Ukrainian domestic market (layer-packed versus block-packed) accounted for a $40 to $50 difference in the c.i.f. price offered by U.S. exporters for a metric ton of frozen chicken leg quarters delivered to the port of Gdynia. Indeed, one importer in Lublin, Poland, noted that he had spoken to a U.S. exporter just 2 days before our visit, who had lowered his c.i.f. price quote for frozen chicken leg quarters by nearly 4 percent (from $1,100 to $1,060 per metric ton) when he learned that the product was needed for Ukraine and not Poland.

Although buyers of imported meat products for the price-conscious Ukrainian market are technically willing to accept the arrival of U.S. frozen leg quarters in cheaper block-pack cartons, U.S. exporters should note that the some of the most

[53] Information obtained during presentation by Robert Walker, Agricultural Policy Advisor in Kiev, Ukraine, in Washington, DC, March 19, 1997. Mr. Walker was posted in Kiev until June 1997.
[54] Information on potential fast-food supplier disclosed during personal interview with representative of Volunteers for Overseas Cooperative Assistance in Kiev, Ukraine, June 1996.

frequent complaints voiced by Ukrainian buyers about U.S. poultry products involve excessive water and ice content in cartons, a phenomenon which (according to Polish traders) reportedly occurs more frequently when block-pack cartons are used to export frozen chicken leg quarters rather than other (more expensive) forms of packaging. Another area of concern to buyers of U.S. poultry supplying the Ukrainian market—as with buyers supplying the Polish market—is the possible discrepancies between the marked weight of individual cartons of U.S. poultry, and the actual weight of the carton's contents upon arrival at destination. One local meat importer we spoke to in Ukraine recommended that U.S. exporters adopt the following packaging practices in order to find "ideal" acceptance for their products in the local marketplace:

- Poultry products should be "dry-frozen," with minimal water and ice in the packaging.
- Text should printed on the outside of the carton which indicates how much product weight is likely to be lost as the product approaches its expiration date.
- If possible, exporters should offer discounts on product which is sold fairly close to its expiration date.

Representatives of the State Customs Committee of Ukraine also recommended that U.S.-origin merchandise be clearly marked as a "Product of the USA," since imports from the United States qualify for preferential Ukrainian customs rates if the following conditions are met:

- The goods have been imported directly from the United States (a category which would include "transit goods" where goods may have been temporarily stored in and transported over the territory of another country, but where customs duties of another have not previously been assessed).
- The company responsible for exporting the goods is registered to do business in the United States.
- The imported product is certified to be a U.S. product (by an accompanying certificate of origin).

The specific documents required for customs clearance by the State Customs Committee of Ukraine are discussed further in Chapter 4: Veterinary Inspection, Quality Inspection and Customs Clearance Procedures for U.S. Poultry Products in Poland and Ukraine.

Labeling Issues

In late 1996, the Ukrainian Cabinet of Ministers approved a regulation to take effect January 1, 1997, which requires several new specific labeling requirements for imported food products destined for sale in Ukrainian retail outlets. According to Regulation #1371, titled "On enhancing food products' quality control and their security," imported food products destined for retail sale are required to have labels (or packaging) which contain the following information in the Ukrainian language:

- General description of the food product.
- Weight (volume), preferably in metric measurements.
- Ingredients, including a list of all food additives and colorants utilized in the manufacturing process.
- Caloric value of product.
- Date of manufacture (preferably in the standard European date sequence of day/month/year, rather than the standard North American date sequence of month/day/year).
- Recommended time period for consumption.
- Recommended storage conditions.
- Name and address of the producer.

Starting January 1, 1997, imported food products which fail to include the above information on their labels or packaging are legally prohibited from entering the customs territory of Ukraine or from being sold at retail trade outlets.

Despite the new emphasis on using the Ukrainian language on labels for imported food products, local traders note that attractively packaged products with foreign language phrases— especially English—enjoy a special cachet and are highly prized by Ukrainian consumers. An informal survey of supermarkets and other retail outlets in downtown Kiev in June 1996 tends to confirm this observation; of the four supermarkets and other retail outlets for meat products visited by members of the research team, all carried imported meat products with the country of origin clearly identified on the packaging. Two carried U.S. meat products with English-language labels, and in the market which catered to the most affluent consumers, the "Nika" supermarket, almost every poultry product offered for sale (with the exception of some smoked chicken at the delicatessen counter) appeared to be an imported product wrapped in its original packaging, with no Cyrillic labeling (Ukrainian or Russian) offered. (Of course, this visit occurred before the adoption of the new labeling requirements.)

Temperature and Storage Requirements

Another issue which must be kept in mind in terms of marketing in Ukraine is refrigeration. Retail shelves for meat products in the average Ukrainian market often have inadequate refrigeration, if any at all. Meat products in Ukraine sold at many neighborhood grocery stores and

"farmers' markets" are frequently displayed behind non-refrigerated or poorly refrigerated glass counters, rather than displayed in refrigerated and frozen cases capable of maintaining meat products at a steady low temperature. In June 1996, our research team observed several retail markets in downtown Kiev, an area where grocery merchandising is reported to be more advanced than in most of Ukraine. Only one food market we visited sold chilled meat products from modern refrigerated self-service cases, rather than from behind ventilated glass counters, and had the equipment to sell frozen products at all. A similar situation was observed in the western Ukrainian city of Lviv (the sixth largest city in Ukraine, with a population of just under 800,000): a grocery store we visited in a downtown district displayed chicken leg quarters behind poorly refrigerated glass counters, while several small merchants offered (cheaper) food products for sale on tabletops in the open-air vacant lot adjacent to the grocery store.

Given the limited access to adequate refrigeration on retail shelves, many Ukrainian buyers, especially smaller buyers, favor purchasing imported meat products which are packaged in a way that prolongs shelf life, such as vacuum-packed chicken frankfurters. Meanwhile, some larger volume distributors of imported meat products, such as Ascop Corporation, attempt to compensate for the problematic state of refrigeration on the retail level by relying on a broad network of sales and marketing representatives to achieve as much "just-in-time" delivery to retail outlets as possible. Ascop representatives either lease cold-storage warehouse space or contract with a local cold-storage company to hold inventory in every Ukrainian oblast (province), to ensure that a minimal amount of time elapses between the release of merchandise from a properly maintained cold-storage warehouse and its final delivery to a retail outlet.

Other Product Condition and Appearance Issues

As in Poland, Ukrainian veterinary officials are concerned about possible metal residues in imported poultry meat. Consequently, the Office of Agricultural Affairs at the American Embassy in Kiev recommends that export certificates of wholesomeness which accompany U.S. poultry exports to Ukraine (e.g., FSIS Form 9060-5, the "Meat and Poultry Export Certificate of Wholesomeness") indicate that the lot of poultry referred to by the document has been tested for, and does not contain, residues of radium and heavy metals.

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Chapter 3:
Getting Product to Market: Maritime and Intermodal Options for Transporting Poultry to the Polish/Ukrainian/Baltic Region

This chapter seeks to highlight the most popular shipping routes, types of vessels and carriers used to transport U.S. poultry products to the Polish and Ukrainian region, and to provide basic information about the volumes and types of cargo handled at specific ports serving as primary gateways to the Polish and Ukrainian markets. The material below includes a discussion of the standard transit and inspection times involved in utilizing various ports of call, along with a discussion of the range of services and storage facilities offered at individual ports (including, wherever available, information about the costs of utilizing such services and facilities). Emphasis has been focused on ports in Poland, Ukraine, Estonia, and Latvia which are believed to be responsible for the majority of U.S. poultry cargo entering the Polish/Ukrainian region. Ports in the Baltic republics receive a much larger quantity of U.S.-origin poultry cargo than ports in either Poland or Ukraine, large portions of which are probably being diverted to markets in the Russian Federation as well as Ukraine. However, potential exporters should note that Poland currently remains the preferred destination for *containerized* U.S. poultry cargo in the region. Ports in Poland handled nearly five times the volume of containerized cargo from the United States as ports in either Estonia, Latvia, or Ukraine during calendar year 1996.

Shipments to Poland/Transshipments Through Poland

Preferred U.S. Ports of Origin

The vast majority of U.S. poultry exports destined for initial or final discharge in Poland are shipped from ports in the Southeastern and Southern United States, in an apparent reflection of the intense geographic concentration of the U.S. poultry industry. (Four Southern states, Arkansas, Georgia, Alabama and North Carolina, account for more than half of the nation's annual cash receipts from broiler production.[55]) Table 12 lists the most common U.S. ports of origin for ocean shipments of U.S. frozen poultry products to destinations in Poland, based on PIERS data for calendar year 1996.

In 1996, the two U.S. ports responsible for moving the largest quantity of poultry cargo headed for Poland—Charleston, SC, and New Orleans, LA—handled more than 79 percent of the total traffic volume, up from 71 percent in 1995. The dominant role of these two ports in the U.S.-Polish poultry trade is especially striking when one considers the comparatively modest role that these same two ports play in terms of overall U.S. poultry traffic to European destinations. Between January and December 1996, for example, Charleston and New Orleans accounted for no more than 18 percent of total maritime poultry traffic between the United States and Europe (including the Central Asian republics of the former Soviet Union).

Chartered Vessels Versus Liner Service Vessels

The use of chartered vessels—where one or several charter parties reserves the entire cargo space of an individual vessel to carry goods between specific ports of loading and discharge—remains the primary method by which U.S. poultry products are transported to Poland, although the popularity of chartering appears to have slowed between 1995 and 1996. In 1996, 54.7 percent of the poultry products leaving U.S. ports for destinations in Poland were transported on chartered vessels, all of which carried only one or two commodities. While these 1996 figures show a slight decline from the 60.2 percent market share seen during the same time period in 1995, the continued strong reliance on chartered vessels to transport U.S. poultry products represents a major departure from typical practices earlier in the decade. As seen in table 13, the dominant role of chartered vessels in the transport of U.S. poultry products to Poland is a phenomenon which has only surfaced during the past few years.

The sudden popularity of chartered vessels to transport poultry from U.S. ports to Poland appears to be largely related to the transportation strategy of a single U.S. poultry processor and exporter, Hudson Foods of Rogers, AR, which was acquired by Tyson Foods in January, 1998. They are generally believed by the trade to hold a dominant role in the poultry import market in Poland and Ukraine and are said to manage their own private cold storage warehouse—leased from a frozen fish company—near the port of Gdynia in Poland.[56] According to PIERS data, 100 percent of the poultry cargo shipped from U.S. ports to Poland on chartered vessels during 1993 and 1995, and well over 90 percent during 1994 and 1996, was transported on vessels reportedly contracted on behalf of Hudson Foods. The volume of product exported by Hudson Foods to Poland—either for internal distribution or for distribution to neighboring countries—has grown sufficiently large over the past few years that it has begun to make economic sense for the company to charter entire vessels to carry out export operations. (By consolidating shipments on chartered vessels, the company can presumably reduce the transportation costs involved in exporting each unit of product.)

[55] Agriculture Fact Book 1996, Office of Communications, U.S. Department of Agriculture, p. 37.

[56] Information obtained in personal interviews with Polish meat importers and the port of Gdynia development staff, June 1996.

Table 12. Ocean Shipments of Poultry from the U.S. to Poland, by Vessel Type

(volume in pounds, port market share in percent)

Port of Origin	Total Shipments, Jan-Dec 1996	Shipments by Liner Service, Jan-Dec 1996	Shipments by Charter Vessels, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Shipments by Liner Service, Jan-Dec 1995	Shipments by Charter Vessels, Jan-Dec 1995
Charleston (SC)	69,564,348 (60.86%)	27,771,890	41,792,458	54,287,478 (44.44%)	19,623,935	34,663,543
New Orleans (LA)	21,233,163 (18.58%)	550,110	20,683,053	37,133,790 (30.40%)	91,910	37,041,880
Portsmouth (VA)	6,663,321 (5.83%)	6,663,321	0	6,752,876 (5.53%)	6,752,876	0
Houston (TX)	4,146,900 (3.63%)	4,146,900	0	3,764,457 (3.08%)	1,919,351	1,845,106
Jacksonville (FL)	3,877,524 (3.39%)	3,877,524	0	6,244,740 (5.11%)	6,244,740	0
Newport News (VA)	3,055,546 (2.67%)	3,055,546	0	854,413 (0.70%)	854,413	0
Baltimore (MD)	2,791,836 (2.44%)	2,791,836	0	10,417,712 (8.53%)	10,417,712	0
New York (NY)	1,058,582 (0.93%)	1,058,582	0	341,740 (0.28%)	341,740	0
Norfolk (VA)	861,571 (0.75%)	861,571	0	848,258 (0.69%)	848,258	0
Wilmington (NC)	770,688 (0.67%)	770,688	0	1,289,062 (1.06%)	1,289,062	0
Seattle (WA)	99,159 (0.09%)	99,159	0	0	0	0
Savannah (GA)	51,920 (0.05%)	51,920	0	104,000 (0.09%)	104,000	0
Miami (FL)	50,684 (0.05%)	50,684	0	0	0	0
Port Canaveral (FL)	40,179 (0.04%)	0	40,179	113,874 (0.09%)	113,874	0
Port Everglades (FL)	40,000 (0.04%)	40,000	0	0	0	0

Table 12. Ocean Shipments of Poultry from the U.S. to Poland, by Vessel Type, *Continued*

(volume in pounds, port market share in percent)

Port of Origin	Total Shipments, Jan-Dec 1996	Shipments by Liner Service, 1996	Shipments by Charter Vessels, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Shipments by Liner Service, Jan-Dec 1995	Shipments by Charter Vessels, Jan-Dec 1995
All US East Coast Ports	88,826,199 (77.71%)	46,993,562	41,832,637	81,254,153 (66.52%)	46,590,610	34,663,543
All US Gulf Coast Ports	25,380,063 (22.20%)	4,697,010	20,683,053	40,898,247 (33.48%)	2,011,261	38,886,986
Other US Ports	99,159 (0.09%)	99,159	0	0 (0.00%)	0	0
Total	**114,305,421 (100.00%)**	**51,789,731 (45.31%)**	**62,515,690 (54.69%)**	**122,152,400 (100.00%)**	**48,601,871 (39.79%)**	**73,550,529 (60.21%)**

Source: PIERS data, Journal of Commerce. The term "liner service" denotes that goods were transported as part of a shipping company's regularly scheduled service between specific ports of loading and discharge. The term "charter vessel" indicates that goods were transported by a vessel whose entire cargo space was reserved by one or more companies to carry goods between specific ports of loading and discharge requested by the charterer(s)

Table 13. Ocean Shipments of Poultry From the United States to Poland, 1993-1996

Mode of Transport	Jan-Dec 1993 (pounds)	Jan-Dec 1994 (pounds)	Jan-Dec 1995 (pounds)	Jan-Dec 1996 (pounds)
Chartered vessel with one or two commodities in cargo hold	6,160,000	45,793,727	66,626,116	62,515,690
Chartered vessel with more than two commodities in cargo hold	12,844,138	5,511,568	6,924,413	0
All chartered vessels	19,004,138	51,305,295	73,550,529	62,515,690
Vessels operated as part of liner service	119,183,275	93,721,614	48,601,871	51,789,731
All vessels	138,187,413	145,026,909	122,152,400	114,305,421
Percent of total maritime traffic volume moved by chartered vessel	13.75	35.38	60.21	54.69

Source: PIERS data, Journal of Commerce, March 1997.

Trade data available from PIERS tend to confirm that Hudson Foods experienced a meteoric rise in poultry exports to Poland in recent years, which may have enhanced the attractiveness of using chartered vessels to move product. Between 1993 and 1995, the company's annual shipments of poultry to Poland from U.S. ports rose nearly 300 percent from 19 million pounds (around 8,600 MT) to 74 million pounds (around 33,600 MT), slipping modestly to 69 million pounds (around 31,500 MT) in 1996.

In comparison to the large quantities of poultry products typically contracted for shipment on individual chartered vessels, the volume of poultry contracted for shipment on individual liner service vessels typically involves only one or two containers. In 1996, the average volume of poultry contracted for shipment from U.S. ports to Poland on an individual chartered vessel was 2,016,635 pounds (roughly equal to 915 MT, or around thirty-nine 40-foot containers of 52,000 pounds apiece), while the average volume of poultry cargo contracted for shipment on liner service vessels was only 61,875 pounds (roughly equal to 28 MT, or slightly larger than one 40-foot container). Hence, it would appear that the use of chartered vessel transportation as a means of shipping poultry products to Poland generally remains a practical option only for the very large-scale exporter.

Containerized and Breakbulk Cargo Preferences

The role of containerized shipping in the movement of U.S. poultry products to Poland has diminished considerably over the last few years, appearing to coincide almost entirely with recent changes in the transportation strategy of Hudson Foods. As illustrated by table 14, the percentage of maritime poultry traffic sent in breakbulk vessels from U.S. ports to destinations in Poland increased from 14 percent in 1993 to 60 percent in 1996. Approximately 99 percent of this breakbulk poultry cargo was recorded by PIERS as having been shipped on vessels contracted on behalf of Hudson Foods. Until 1996, this breakbulk poultry cargo was transported to Poland on chartered vessels exclusively, but in 1996, about 6.6 million pounds of Hudson's breakbulk poultry cargo—around 9.5 percent of the annual total—was shipped to Poland on vessels operated as part of a regularly scheduled liner service offered by Polar Shipping Limited from Charleston, SC to Gdynia, Poland.

It is interesting to note that the sharp increase in the use of chartered vessels and breakbulk shipments to transport U.S. poultry to Poland occurred at exactly the same time (1995) that Poland clamped down on imports of U.S. poultry for

Table 14. Market Share of Containerized and Noncontainerized Cargo, U.S.-Poland Poultry Trade, 1993-1996

Type of Poultry Cargo Handled	Jan-Dec 1993 (pounds)	Jan-Dec 1994 (pounds)	Jan-Dec 1995 (pounds)	Jan-Dec 1996 (pounds)
Cargo in 40 foot containers	93,273,420	86,387,071	47,322,903	44,413,685
Cargo in 20 foot containers	206,000	101,981	0	0
Other or unspecified containerized cargo	25,703,855	6,835,212	1,566,968	783,260
Total containerized cargo	119,183,275	93,324,264	48,889,871	45,196,945
Total noncontainerized cargo	19,004,138	51,702,645	73,262,529	69,108,476
Total maritime poultry traffic	138,187,413	145,026,909	122,152,400	114,305,421
Percentage of maritime poultry sent noncontainerized	13.75	35.65	59.98	60.46

Source: PIERS data, Journal of Commerce.

internal consumption through its imposition of a tariff-rate quota on imported poultry. The timing of these two phenomena suggests a relationship between changing preferences in ocean freight and a shift in the customer base for U.S. poultry products moving through Poland. Ever since the importation of poultry into Poland was restricted by the imposition of a tariff-rate quota in July 1995, which restricts the legal importation of poultry for domestic use from all sources at a preferential 30 percent tariff rate to no more than 8.5 percent of the previous year's domestic poultry production, the primary market outlet for most of the U.S. poultry moving through Poland has been its neighbors to the east, such as Russia and Ukraine. Since low product cost is extremely important to consumers in these countries, and standards for imported product packaging are more liberal, food importers which use Poland as a distribution platform to reexport U.S. poultry products to other destinations in Eastern Europe, such as Hudson Foods, have an incentive to use less expensive forms of ocean freight (such as large volume, noncontainerized shipping) to reduce the final cost of product to end-users.

Table 15 outlines the recent pattern of containerized and breakbulk shipping of poultry cargo from U.S. ports to destinations in Poland during 1995 and 1996, and clearly illustrates the dominant role that the port of Charleston currently plays in the U.S.-Polish poultry trade. In 1996, the port of Charleston was responsible for handling more than 60 percent of poultry cargo shipped from U.S. ports to Poland, which included nearly half (46.9 percent) of all containerized poultry cargo, as well as more than two-thirds of all breakbulk cargo (70.0 percent).

Another distinguishing aspect of poultry traffic between the United States and Poland is that most U.S. ports, with the notable exception of Charleston, are specialized in the movement of either breakbulk or containerized poultry cargo, and are rarely involved in handling both types of cargo simultaneously (at least not in the poultry sector). Of the 15 ports involved in the U.S.-Polish poultry trade in 1996, only two ports—Charleston and New Orleans—were reported to have handled both breakbulk and containerized poultry cargo. These two ports also handled more than 99 percent of the total volume of breakbulk poultry cargo leaving U.S. ports for Poland in 1996. Meanwhile, poultry cargo shipments to Poland from 12 out of the 15 U.S. ports involved in the U.S.-Polish poultry trade in 1996 consisted entirely of containerized cargo.

Shipping Route Preferences

The popularity of using various direct and indirect routes to Poland appears to be highly dependent on the type of cargo being transported. In terms of the absolute volume of product being shipped, the most popular route is direct service between the ports of Charleston and New Orleans to the port of Gdynia (about 60 percent, based on January-December 1996 figures). However, the only carriers which currently appear to offer direct ocean freight service between U.S. ports and the port of Gdynia are those which transport noncontainerized cargo; fully 100 percent of the poultry cargo which was shipped from U.S. ports directly to Gdynia between January and December 1996 was sent in breakbulk vessels.

Table 16 lists a breakdown of the January-December 1996 shipments of U.S. poultry cargo to Poland by carrier, in order of shipping route popularity. For poultry exported from the United States to Poland in refrigerated containers (which constitutes the vast majority of exporters), the most popular route currently used is transshipment through Bremerhaven, Germany, with continuing feeder service to the port of Gdynia, while the second most popular route involves transshipment through Rotterdam, Netherlands, with continuing feeder service to the port of Gdynia. Of all of the shipping companies that offer regular liner service for containerized poultry cargo between the United States and Poland, Sea-Land Service, Ltd., is the top service provider, handling 25 percent of total poultry traffic and 62 percent of containerized poultry traffic during 1996, and leading all carriers of containerized poultry cargo in each major shipping route category during that time period.

Approximate Costs and Transit Times for Containerized Ocean Freight

According to a number of freight forwarders and importers based in Poland who were interviewed in the last quarter of 1996 and the first quarter of 1997, the approximate cost of ocean freight for a 40-foot container of frozen poultry shipped between the U.S. East Coast and the port of Gdynia, Poland through a major transshipment port such as Bremerhaven, Germany, was reported to range between $4,800 and $5,000 per container. If we assume that the typical container of exported chicken leg quarters contains 52,000 pounds, ocean freight transportation charges to Gdynia would represent around 9 cents per pound of total export costs.

Table 15. U.S. Poultry Shipments to Poland, 1995-1996: Containerized Versus Breakbulk Cargo, by U.S. Port

(volume in pounds, cargo type in percent)

U.S. Port of Origin	Total Shipments, Jan-Dec 1996	Container Shipments, Jan-Dec 1996	Breakbulk Shipments, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Container Shipments, Jan-Dec 1995	Breakbulk Shipments, Jan-Dec 1995
Charleston (SC)	69,564,348	21,179,104 (30.45%)	48,385,244 (69.55%)	54,287,478	19,911,935 (36.68%)	34,375,543 (63.32%)
New Orleans (LA)	21,233,163	550,110 (2.59%)	20,683,053 (97.41%)	37,133,790	91,910 (0.25%)	37,041,880 (99.75%)
Portsmouth (VA)	6,663,321	6,663,321 (100.00%)	0 (0.00%)	6,752,876	6,752,876 (100.00%)	0 (0.00%)
Houston (TX)	4,146,900	4,146,900 (100.00%)	0 (0.00%)	3,764,457	1,919,351 (50.99%)	1,845,106 (49.01%)
Jacksonville (FL)	3,877,524	3,877,524 (100.00%)	0 (0.00%)	6,244,740	6,244,740 (100.00%)	0 (0.00%)
Newport News (VA)	3,055,546	3,055,546 (100.00%)	0 (0.00%)	854,413	854,413 (100.00%)	0 (0.00%)
Baltimore (MD)	2,791,836	2,791,836 (100.00%)	0 (0.00%)	10,417,712	10,417,712 (100.00%)	0 (0.00%)
New York (NY)	1,058,582	1,058,582 (100.00%)	0 (0.00%)	341,740	341,740 (100.00%)	0 (0.00%)
Norfolk (VA)	861,571	861,571 (100.00%)	0 (0.00%)	848,258	848,258 (100.00%)	0 (0.00%)
Wilmington (NC)	770,688	770,688 (100.00%)	0 (0.00%)	1,289,062	1,289,062 (100.00%)	0 (0.00%)
Seattle (WA)	99,159	99,159 (100.00%)	0 (0.00%)	0	0	0
Savannah (GA)	51,920	51,920 (100.00%)	0	104,000	104,000 (100.00%)	0
Miami (FL)	50,684	50,684 (100.00%)	0 (0.00%)	0	0	0
Port Canaveral (FL)	40,179	0 (0.00%)	40,179 (100.00%)	0	0	0
Port Everglades (FL)	40,000	40,000 (100.00%)	0 (0.00%)	113,874	113,874 (100.00%)	0 (0.00%)

Table 15. U.S. Poultry Shipments to Poland, 1995-1996: Containerized Versus Breakbulk Cargo, by U.S. Port, *Continued*

(volume in pounds, cargo type in percent)						
U.S. Port of Origin	**Total Shipments, Jan-Dec 1996**	**Container Shipments, Jan-Dec 1996**	**Breakbulk Shipments, Jan-Dec 1996**	**Total Shipments, Jan-Dec 1995**	**Container Shipments, Jan-Dec 1995**	**Breakbulk Shipments, Jan-Dec 1995**
All US East Coast Ports	88,826,199	40,400,776 (45.48%)	48,425,423 (54.52%)	81,254,153	46,878,610 (57.69%)	34,375,543 (42.31%)
All US Gulf Coast Ports	25,380,063	4,697,010 (18.51%)	20,683,053 (81.49%)	40,898,247	2,011,261 (4.92%)	38,886,986 (95.08%)
Other US Ports	99,159	99,159 (100.00%)	0 (0.00%)	0	0	0
Total	**114,305,421**	**45,196,945 (39.54%)**	**69,108,476 (60.46%)**	**122,152,400**	**48,889,871 (40.02%)**	**73,262,529 (59.98%)**

Source: PIERS data, Journal of Commerce.

The average transit time for containerized poultry shipments between preferred shipping points on the U.S. East Coast and Bremerhaven, Germany, was reported by the same interview subjects to be 18 days. Once time requirements for container handling at transshipment port and transit times for maritime feeder services between Bremerhaven and the port of Gdynia were taken into account, the average transit time between preferred shipping points on the U.S. East Coast and the port of Gdynia was reported to be 23 days (21-22 days was the most common response, with estimated transit times ranging from a low of 14 to a high of 36 days.)

Port of Gdynia Operations and Capacity

General Overview

In 1991, the port of Gdynia became a joint stock company reporting to Gdynia Commercial Seaport, SA (GCS). GCS, as owner of the infrastructure, leases the facilities to public or private operators carrying out all stevedoring functions. GCS is wholly owned by the government and is headed by a board of five members appointed by the Ministry of Transportation. Two wholly owned subsidiaries, Baltic Grain Terminal and Baltic Container Terminal, were established to operate the respective terminals. Plans are in place for two more terminals to handle general cargo and bulk operations. All GCS subsidiaries will eventually be privatized, with shares being sold to employees and private investors.

The Baltic Container Terminal, Poland's largest facility for handling conventional and refrigerated containerized cargo, opened in October 1979 and became a subsidiary of GCS on July 1, 1994. [57] It covers 50 hectares (124 acres) of land and has three berths that are 800 meters long (2,625 feet) and 10 meters deep (33 feet).[58] The container terminal currently has the technical capacity to handle as many as 170,000 TEUs of cargo per year and, according to the latest available statistics, currently handles about 157,000 TEUs of cargo per year, equivalent to about 85 percent of Poland's total traffic.[59] Moreover, GCS has also put forth an initiative to double the volume of containerized cargo that can be handled at the facility. By acquiring an extra parcel of land currently owned by the Polish navy, the port hopes to enlarge the length of berths at the container terminal from 800 to 1,200 meters (3,937 feet) and construct an additional 15-hectare (37-acre) container yard, which would potentially increase the terminal's handling capacity for containerized cargo up to 340,000 TEUs per year.[60] However, the near-term expansion of the container terminal is largely contingent on whether GCS is successful in attracting foreign financing to the project.[61]

[57] "Baltic Port Development," Cargo Systems, August 1995, p. 91.
[58] Ibid.
[59] "Baltic Port Development," Cargo Systems, August 1995, p. 91 and "Baltic Bridge," Port Development International, June 1996, p. 35.
[60] "Baltic Port Development," Cargo Systems, August 1995, p. 91.
[61] Ibid.

Table 16. Routing Preferences in the U.S.-Poland Poultry Trade, by Carrier, January-December 1996

(volumes in pounds, carrier/vessel type market share in percent)

Carrier[62]	All Routes	Direct Service, U.S./Gdynia	U.S./ Bremerhaven/ Gdynia	U.S./ Rotterdam/ Gdynia	Other[63]
Sea-Land Service, Inc.	28,112,226 (24.59%)	0 (0.00%)	17,355,894 (58.72%)	7,417,006 (82.57%)	3,339,326 (49.87%)
Polish Ocean Lines	8,414,908 (7.36%)	0 (0.00%)	7,798,091 (26.38%)	0 (0.00%)	616,817 (9.21%)
Polar Shipping Limited	6,592,786 (5.77%)	6,592,786 (9.55%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Maersk	3,815,196 (3.34%)	0 (0.00%)	964,921 (3.26%)	1,566,001 (17.43%)	1,284,274 (19.18%)
P&O Nedlloyd[64]	3,267,034 (2.86%)	0 (0.00%)	2,458,834 (8.32%)	0 (0.00%)	808,200 (12.07%)
Hapag-Lloyd	601,169 (0.53%)	0 0.00%)	351,119 (1.19%)	0 (0.00%)	250,050 (3.73%)
OOCL	530,871 (0.46%)	0 (0.00%)	530,871 (1.80%)	0 (0.00%)	0 (0.00%)
Lykes Lines	305,890 (0.27%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	305,890 (4.57%)
Hyundai Merchant Marine	97,667 (0.09%)	0 (0.00%)	97,667 (0.33%)	0 (0.00%)	0 (0.00%)
Hanjin Shipping	51,984 (0.05%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	51,984 (0.78%)
Chartered vessels, 1 or 2 commodities in cargo hold	62,515,690 (54.69%)	62,475,511 (90.45%)	0 (0.00%)	0 (0.00%)	40,179 (0.60%)
Chartered vessels, more than 2 commodities in cargo hold	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
All chartered vessels	62,515,690 (54.69%)	62,475,511 (90.45%)	0 (0.00%)	0 (0.00%)	40,179 (0.60%)
All vessels	114,305,421	69,068,297	29,557,397	8,983,007	6,696,720

Source: PIERS data, Journal of Commerce.

[62] Where specific shipping line companies are designated, the cargo volumes associated with each shipping line relfect the volume of product transported on vessels operated as part of that shipping line's regular liner service schedule.

[63] Ninety-seven percent of this cargo was transshipped through Bremerhaven or Rotterdam before being delivered to a destination in Poland other than Gdynia. It cannot be determined decisively from available data whether or not cargo moved through the port of Gdynia en route to an interior destination in Poland, or if cargo was transported via truck or rail from Bremerhaven or Rotterdam directly to the final destination point.

[64] Note that Nedlloyd and P&O Containers, Ltd., announced their intention to merge operations in the fall of 1996 and officially began operations as a single company, P&O Nedlloyd, starting January 1, 1997.

Terminal Operators

According to Gdynia Port Authority personnel, about 30 shipping lines currently provide services at the port. The largest terminal operator is Euroafrica with total cargo handled at the port amounting to 575,800 MT during 1995.[65] Among the lines handling containerized cargo, the largest operator during the same year was Maersk, with 340,600 MT.[66]

Besides Maersk, the top lines that operate containers at the Baltic Container Terminal at the port of Gdynia include Team Lines (295,600 MT, 1995), BCL (218,100 MT, 1995), Euroafrica (195,000 MT, 1995) UBC (146,100 MT, 1995), Pol-Levant (66,400 MT, 1995), Chipolbrok (44,900 MT, 1995), and Pol-America (18,300 MT, 1995).[67] PIERS reports indicate that poultry product shipments from the United States have been primarily handled by Maersk, Sea-Land Service, P & O Nedlloyd, the Polish Ocean Line, the Orient Overseas Container Line, or breakbulk charter vessels. The most common transshipment points (except for breakbulk) are the deep water ports of Bremerhaven and Rotterdam.

Port Handling of Containerized Refrigerated Cargo

The total storage area for containers in the port of Gdynia is 1,070,196 square feet (99,528 square meters), with a total storage capacity of 9,600 TEUs.[68] No individual operator owns private facilities in the area of the port and the facilities are open to all port users. The container terminal of the port of Gdynia can handle as many as 450 containers per shift (3 shifts per day); however, the facility can only plug 280 refrigerated containers into electricity lines simultaneously at the storage yard.[69]

Annual Container Volumes Handled by the Port of Gdynia

The port of Gdynia has been increasing its turnover of containers each year since 1990 (table 17). After handling 140,440 TEUs in 1995, the Port is believed to have handled approximately 157,000 TEUs during 1996.[70]

Equipment Availability

The maximum weight that the equipment at the port of Gdynia can tolerate is described in Table 18.

Port Services

The port of Gdynia offers the following services on its premises:

- Movement of cargo from the ship's railing into the vessel's hold (also lashing, fastening), or vice versa (e.g., stevedoring, stowing, trimming).
- Direct loading or direct discharge: the movement of cargo by means of road transport or river craft to the ship's railing, or vice versa.
- Indirect loading or discharge: the movement of cargo by means of road transport or river craft into port storage to the ship's railing, or vice versa.
- Harbor transport: the conveyance of goods within the harbor by any means of harbor transport.

[65] Based on correspondence from Gdynia Port Authority, June 1996.
[66] Ibid.
[67] Ibid.
[68] Ibid.
[69] Ibid.
[70] Estimate obtained from "Baltic Port Development," Port Development International, June 1996, p. 35.

Table 17. Annual Container Turnover, Port of Gdynia (In 000 TEUs)

Containers	1990	1991	1992	1993	1994	1995	1996(est)
Lo-Lo[71]	78	84	84	91	96	118.4	n/a
Ro-Ro[72]	22	21	24	24	26	22.1	n/a
Total	**100**	**105**	**108**	**115**	**122**	**140.5**	**157**

Source: Port Development Department, Gdynia Port Authority, June 1996 and Port Development International.

[71] Lo-Lo means "lift-on/lift-off" a system of loading and discharging whereby cargo is lifted on and off a ship by cranes.

[72] Ro-Ro means "roll-on/roll-off," a system of loading and discharging whereby the cargo is driven on and off a ship on ramps.

Table 18. Port of Gdynia Equipment Lifting Capacity

Type of Equipment	Maximum Tolerance
1. Ship-to-shore gantry cranes (3)	35 MT-containers 40 MT-hook
2. Yard gantry cranes (7)	35 MT
3. Railway-mounted gantry cranes at railway terminal	35 MT-containers 40 MT-hook
4. Reach stackers	30.5 MT
5. Electric forklifts	1.7–2.5 MT
6. Diesel forklifts	25-28 MT

Source: Port Development Department, Gdynia Port Authority, June 1996.

Additional services provided by the port of Gdynia include:
- Weighing.
- Sorting and measuring.
- Sampling, standardization and classification.
- Bundling.
- Labeling of outside cargo packing, marking, or remarking.
- Bagging or unbagging, stuffing, and stripping of containers.
- Fumigating.

Both diesel equipment (e.g., reach stackers, tractors, forklifts) and electrical equipment (e.g., wharf gantry cranes, forklifts) are used. It typically takes about 3 minutes to unload a container from the vessel.[73]

Port Handling Charges

Although the precise charges for handling, stevedoring, and storage are negotiated between the port and individual operators, table 19 provides general information about typical port fees for 40-foot containers, as of summer 1996. (Additional surcharges for night work and holidays may also apply.)

Cold Storage Facilities

The cold storage facilities available at the port of Gdynia and vicinity include a:

- 27,871-square-foot (3,000-square-meter) cold storage facility owned by the Gdynia Port Authority.
- 69,677-square-foot (7,500-square-meter) cold storage facility leased by Lacpol.
- 116,435-square-foot (12,533-square-meter) cold storage facility owned by Pekpol.

According to Gdynia Port Authority personnel, the availability of cold storage warehouse space does not fluctuate seasonally.

Transportation Links From Port of Gdynia

Maritime Feeder Service Schedules and Availability

Baltic Container Lines, a company jointly owned by the Gdynia Port Authority, C. Hartwig (a major freight forwarder) and Pol-America Company, Ltd., began offering weekly feeder service between the port of Gdynia and the two major German transshipment ports, Hamburg and Bremerhaven, in September 1995. Regular feeder services between Gdynia and Rotterdam, which depart Rotterdam on Sunday, are also offered weekly by Maersk Line. According to information obtained from the marketing department at the port of Gdynia, in June 1996, Baltic Container Lines was also considering the introduction of a new feeder service which would provide an additional midweek connection between Rotterdam and Gdynia. The average transit time required to move cargo between a major Northern European transshipment port like Bremerhaven and the port of Gdynia is reported to be about 3 days.

[73] Based on correspondence from Gdynia Port Authority, June 1996.

Table 19. Service Fees at the Port of Gdynia

Description of Port Service	Fee (U.S. $)
1. Stowage (stevedoring)for Ro-Ro (roll-on/roll-off) and Stow-Ro (stowing ramp) traffic:	
a. Empty container	46.50
b. Full container	55.50
These charges include:	
1. opening and closing of ship's hatches (without tween decks);	
2. checking the container marks and outside condition;	
3. tallying containers;	
4. usual fastening or unfastening while in ship's hold.	
2. Indirect loading or discharge of containers and trailers, including:	
a. Through the container or liner terminal, between the ship's railing and the storage yard (or vice versa) for Lo-Lo (lift-on/lift-off) and Stow-Ro traffic:	
1. Empty container	21.00
2. Full container	27.60
b. Through the container or liner terminal, between the storage yard and the land transport vehicle, or vice versa:	
1. Empty container	21.00
2. Full container	27.60
3. Trailer	27.60
These charges include:	
a. checking the container marks and outside condition;	
b. tallying containers.	
3. Conveyance of containers:	
a. From the container terminal to/from liner terminal of the port	24.00
b. From/to the container terminal to/from foreign storage shed	54.00
4. Extra Services:	
a. Attaching and detaching refrigerated containers to/from the electricity line	12.60
b. Checking genset and the supply of electrical power (for each hour)	9.00

Source: Port Development Department, Gdynia Port Authority, June 1996.

Truck Transportation

Standard transit times and costs of truck transportation to Polish markets. About 90 percent of the containers moving out of the port of Gdynia are transported by trucks. The transit time to most of the destination markets in Poland is generally within 1 or 2 days. For example, according to a major freight forwarder in Poland, the transit time from the port of Gdynia to the largest destination market in Poland, Warsaw, is 1 day with a shipping cost per 40-foot refrigerated container of around $475.[74] Other major terminal markets for U.S. poultry products in Poland include Katowice, in southwestern Poland, with a shipping time of 2 days and a cost per 40-foot refrigerated container of around $730, and Lublin, which is situated in the southeastern part of Poland (about 60 miles from the Ukrainian border); the shipping time to Lublin is approximately 1 1/2 days at an average cost per 40-foot refrigerated container of around $635.[75]

Expected changes in Polish road infrastructure. One of the most important transportation infrastructure projects in Poland is the South-East Link E77 Project. This so-called "Trans European Motorway" will run from Athens, Greece to Gdynia, Poland with ferry connections to Karlskrona, Sweden, and a continuation to Oslo, Norway. It is expected to be fully developed by the year 2010 and provide a modern 40-foot-wide highway allowing speeds of about 70 miles per hour.

[74] C. Hartwig Gdynia, International Forwarders, November 1996.

[75] Ibid.

It is also expected that this infrastructure development will improve access to the port and transit times from the port of Gdynia to various destinations in Poland and border crossing points. A local city road (the "Kwiatkowski" route) is currently being completed which will link Gdynia's Baltic Container Terminal directly with the so-called "Tri-City" bypass road. This bypass road feeds directly into Route A1, the Polish portion of the Trans-European Motorway. Both the business community and transportation experts believe that the Trans-European Motorway is the gateway to new export markets in Eastern and Central Europe. A 70-percent increase in transit goods is forecast between 1992 and 2000 as a result of progress in this development project.

Standard transit times and costs of truck transportation to Ukrainian markets. According to a large Polish exporter of foodstuffs, the standard rate as of June 1996 for moving a container of frozen food, including poultry products, by refrigerated trucks between the port of Gdynia, Poland, and Kiev, Ukraine, ranges between Deutsche Mark (DM) 3,500 and DM 4,000 (between $2,291 and $2,619 at prevailing exchange rates).[76] Assuming that the average container of frozen poultry holds approximately 52,000 pounds of product, this equates to an average truck freight cost between Gdynia and Kiev of between 0.44 and 0.50 cents for each pound of transported product. Local freight forwarders estimate that the average transit time for truck shipments between Gdynia and Kiev is 4 to 6 days, depending on border crossing conditions.

[76] Exchange rate based on the average for June 1996 (U.S. $1 = DM 1.5274), obtained from International Financial Statistics, International Monetary Fund, August 1996, p. 269.

Preferred border crossing points for shipments to Ukraine. The most popular border crossing point for road vehicles along the Polish-Ukrainian border is said to be Medyka, Poland (in the southeastern province of Przemysl), via International Highway E-4. Despite the recent growth in passenger and cargo traffic at the Hrebenne/Rawa Ruska crossing over the past few years (which is located along the most direct route linking Warsaw, Poland, Lublin, Poland, and Lviv, Ukraine), the Medyka/Szeginie border crossing remains the number one crossing point along the Polish-Ukrainian border. It was estimated to have handled almost twice the volume of agricultural commodity traffic as the Hrebenne/Rawa Ruska crossing in 1995. Table 21 provides information on the number of passengers, trucks and vehicles using these border crossings.

Some Polish traders also mentioned that they prefer to use the Polish/Belarussian border crossing point of Terespol/Brest to supply the Ukrainian market, because the connecting roads to Ukraine are believed to be in better condition and customs services are available 24 hours a day. Another popular border crossing point is Dorohusk, Poland, at the Ukrainian border (directly east of Lublin).

Standard waiting periods at border crossings. The 38 crossings is said to be close to 10 hours, while the standard waiting period for trucks at the Polish/Belorussian border crossings (including routes often used for deliveries to Ukraine) is said to be close to 20 hours. Ukrainian customs

Table 20. Freight Costs and Transit Times for 40-Foot Refrigerated Containers Between the Port of Gdynia and Major Destination Markets

Description	Freight Cost (in U.S. $)	Transit Time
Warsaw, Poland	475-800	24 hours
Katowice, Poland	730	48 hours
Lublin, Poland	635	48 hours
Lviv, Ukraine	1,670	3 days
Vinnitsa, Ukraine	2,200	4–6 days
Kiev, Ukraine	2,070-2,370	4–6 days
Odessa, Ukraine	2,870	4–7 days
Donetsk, Ukraine	3,140	5–7 days

Source: Interviews and correspondence with selected freight forwarders in Poland, June-November 1996.

officials highly recommend hiring a local freight forwarding company familiar with local customs procedures to monitor and speed up the customs clearance process. The charge for such a service is reported to range between 0.5 and 2 percent of the value of the imported merchandise. Assuming that the agent has "good contacts" at the Ukrainian customs office, a container of imported frozen poultry products will typically be cleared and transported by truck between the Polish/Ukrainian border and a major destination in central Ukraine, such as Kiev, within 4 to 6 days. Without such "good contacts," similar shipments have been reported to take as many as 20 days.

The issue of long delays at border crossing points in the NIS is beginning to be addressed in intergovernmental negotiations. According to John Pulford, acting head, International Affairs Unit, Directorate General for Customs and Indirect Taxation, European Commission, Brussels, Belgium, the reasons for delays at border crossings can be related to one or more of the following problems:

- lack of infrastructure
- lack of preparation by operators
- lack of available information
- lack of harmonized practices
- high level of crime
- lack of sufficient, well-trained, motivated personnel
- increased traffic

Naturally, each of these problems has a strong impact on the cross-border shipments of poultry products, because any delay could lead to spoilage or product quality problems. To address these issues and look for possible solutions, Pulford recently arranged for a joint meeting at the Polish/Belarussian border (Terespol) with customs officials from Belarus, Poland, Russia, and Germany and Polish freight forwarding agents.

Crime—both petty and violent—is said to be a persistent problem affecting the state of cross-border trade between Poland and Ukraine. Polish traders indicated that paying Ukrainian customs officials is virtually "required" these days in order for merchandise to receive clearance ($50-$100 seemed to be the standard rate as of June, 1996). In order to move products across the Ukrainian border more safely, Polish companies will often use truck convoys (where four to five trucks are pooled together). In addition, many of their Ukrainian customers use their own trucks and drivers to pick up shipments at the border crossing, and hire armed guards to accompany shipments to their final destination. Nevertheless, despite persistent problems with crime, Polish traders note that trade between Poland and Ukraine is picking up significantly, as demand for imported goods in Ukraine remains brisk and Polish traders are beginning to establish better relationships with Ukrainian government officials in border areas.

Waiting periods at border crossing points for noncommercial vehicles moving poultry products. A number of small Ukrainian traders and importers commute regularly between Ukraine and Poland to purchase small quantities of imported meat products in an attempt to avoid high commercial customs tariffs. They claim that the goods they are bringing into the country are strictly meant for "personal" use, and are worth less than $1,400. By claiming a "personal use" exemption, they can also generally experience a shorter waiting period for customs clearance at the border, by using lanes which are open only to noncommercial traffic.

Preferred service providers and importance of TIR carnets. Local traders highly recommend that the shipment of transit goods to various market points in Ukraine be carried out by experienced trucking companies with knowledge of trade practices and road conditions in Ukraine. Failure to present the required transit documentation can result in extensive delays and increase the chances of spoilage for a highly perishable product like frozen poultry.

Table 21. 1995 Border Crossing Traffic in Przemysl Province (Poland)

Border Crossing Point	Passengers (1,000)	All Vehicles (1,000)	Trucks Only (1,000)
Medyka/Szeginie Border Crossing Road	3,414	649	59
Hrebenne/Rawa Ruska Border Crossing Road	2,605	681	28

Source: Document on Border Crossings in the Przemysl Province, 1996.

Exporters to Ukraine and other NIS republics should also be aware of the importance of hiring a transportation company which uses vehicles which adhere to the standards of the "U.N. Customs Convention on the International Transport of Goods under Cover of TIR Carnets," commonly known as the TIR Convention (TIR stands for the French acronym for international road transport, or *"transports internationaux routiers"*). Under the TIR system, which was adopted by around 60 countries in 1978, customs authorities in participating countries agreed to harmonize some of their clearance procedures when a international customs transit document known as the TIR carnet is presented by the driver of a vehicle. Probably the most important aspect of the TIR agreement is that customs duties and taxes are only allowed to be collected from a TIR-approved vehicle at the final destination point, not at each national border.

The TIR carnet can only be issued by "guaranteeing" associations, generally freight transport trade associations, which have been approved by the customs authorities in their respective countries. In Poland, for example, a shipping firm must be a member of the Polish Association of International Road Shippers in order to qualify for a TIR carnet. In order to qualify for membership in this organization, they must typically have a government license to perform international shipping services, and post a $40,000 bond.

A standard TIR carnet—a booklet with detachable coupons—is valid for one continuous trip up to 45 days, and reportedly costs about 175 DM (approximately $115 at the time the quote was obtained in June 1996).[77] These carnets are presented to customs officials at the time of inspection, who stamp the booklet and keep a coupon as a record of the transaction.

By issuing a TIR carnet, the freight association which issues the document certifies that:

- the holder of the TIR carnet is carrying cargo in a secured container or trailer which meets approved standards;
- the holder of the TIR carnet will be entitled to basic compensation in the case of loss or damage (according to representatives from LubMeat, a Polish meat distributor based in Lublin, this means a maximum of $40,000 in the case of standard TIR coverage);
- the association issuing the TIR booklet will compensate the appropriate customs authority for any duties, taxes, and interest owed on imported merchandise transported by a TIR approved motor carrier; and
- the association issuing the TIR carnet will make every effort to locate and recover property stolen from a motor carrier holding a TIR carnet.

In order for customs officials to be able to immediately recognize those vehicles carrying cargo under the TIR convention, shippers which are holding TIR carnets are obliged to display plates indicating their TIR status on the front and back of their vehicles.

Aside from the basic insurance package provided by the TIR convention, holders of TIR carnets benefit from the fact that:

- their vehicles are usually allowed to pass ahead of vehicles without TIR carnets at border crossings, and
- their cargo usually receives only a cursory inspection during the customs clearance process (in most cases, customs officials allow sealed containers on TIR-approved vehicles to be transported to their final destinations without breaking their seals).

Without a TIR carnet, Polish traders noted that cargo is very likely to be opened and inspected by customs officials, a much longer and more problematic procedure.

Rail Transportation

Rail service from the port of Gdynia to domestic markets. Although using rail to transport poultry products from Polish ports to destination markets has historically been unpopular—only around 10 percent of the goods moving through the port of Gdynia are shipped to final destination markets by rail—the recent introduction of more frequent direct rail service to major Polish cities has made rail a more viable option during the past few years. Direct rail service for containerized cargo was introduced in October 1994 between the Gdynia container terminal and rail terminals in five major Polish cities (Lodz, Warsaw, Krakow, Wroclaw, and Sosnowiec). Service to these destinations is offered three times per week. The rail freight station located within the container terminal can handle up to 300 TEUs per day. Spedcont, a company created by the Polish State Railways (PKP) and the port of Gdynia, uses this station to offer block train service for containerized cargo three times a week to these major Polish cities.

Rail transit times and costs from the deep-water ports of Western Europe to Poland. A minority of the Polish meat

[77] Exchange rate based on the average for June 1996 (U.S. $1 = DM 1.5274), obtained from International Financial Statistics, International Monetary Fund, August 1996, p. 269.

importers interviewed ship containers of frozen poultry by rail directly from deep water transshipment ports in Western Europe, such as Bremerhaven, to Poland. Polzug, a joint enterprise of the Polish State Railways, the Port of Hamburg Warehousing Corporation, and Egon Wenk International Forwarders, offers regular direct rail service for refrigerated containers from Bremerhaven (the primary transshipment point for poultry cargo headed for Poland). At around $550 per container, sending containers straight to Warsaw from Bremerhaven by train is cheaper than using a feeder service from Bremerhaven to Gdynia, then transporting it overland to Warsaw. (The expense of trucking a 40-foot container from Gdynia to Warsaw is reported to cost at least $475.) The cargo is cleared by Polish customs officials in Warsaw. Similar rail services for refrigerated containerized cargo are also offered from Rotterdam to Warsaw by Intercontainer/Interfrigo. (Contact names and numbers for rail service providers are provided in appendix 1.)

Rail service from the port of Gdynia to Ukrainian markets. Meat exporters from Poland generally report rail as the least preferable mode for transporting products from the ports to destination markets in Ukraine, for two primary reasons. Although rail transportation is reported to be the most economical form of transportation to Ukraine, it is said to be viable only when the volume of cargo being transported justifies the use of so-called "block" trains, where each train section can travel independently between origin and destination. Each section of a block train consists of a minimum of four loaded railcars (which hold approximately 160-175 MT of frozen poultry products) and a fifth refrigerated unit located between the railcars. Clearly, this option is only practical for those firms with a need to move the equivalent of eight 40-foot containers of poultry to a single market destination.

Moreover, track gauges in Poland and Ukraine are different sizes; Ukraine, like all former Soviet republics, has a railway system that uses wider rail track than the conventional track dimension used in Western and Central Europe. Consequently, refrigerated rail cargo moving from Poland to Ukraine either has to be unloaded at the Polish border and reloaded onto wide-gauge railcars, or, if railcars with interchangeable axles are used (a service offered by some Polish rail transportation companies), the axles must be adjusted before crossing the border. (The advantage of using railcars with interchangeable axles is that refrigerated cargo can remain loaded while the axles of the railcars are adjusted, which allows cargo to be maintained at a more consistent temperature, protects cargo against loss from spoilage and theft, and reduces overall transit times.) Even when railcars with interchangeable axles are used, the axle adjustment is time- consuming and costly: half a day to one day for the axle adjustment, at a cost of around 60 Swiss Francs (around $48) per flatbed railcar.[78]

On average the rail shipping time of frozen poultry from the port of Gdynia to Kiev is estimated at 8-10 days (compared to truck shipment transit times of 4-6 days). This estimate includes about 2 days for cargo to travel between Gdynia and the Polish/Ukrainian border and 1/2-1 day for the axle adjustment. Nevertheless, rail transportation is regarded by some traders as an attractive alternative for long-distance hauls because of poor road conditions in the eastern parts of Ukraine. Shipments to remote areas in Ukraine and the Central Asian republics have been conducted by railway shipping companies like Trade Trans (a joint venture company owned by the Polish State Railways, and Austrian and Swiss companies).

According to Alan Wilkins, Director of the Mutual Through Transport (TT) Club, London, England, the following steps should be followed when using rail transportation in the NIS:[79]

- Check preferred routes beforehand to ensure that the required cargo- or container-handling facilities are available.
- Transport containers back to back, with doors facing each other.
- Use non-reusable bolt seals on containers.
- Charter individual block trains (two railcars separated by a refrigeration unit) to move large quantities of cargo or containers.
- Hire guards to escort high-value cargoes
- Make sure that the receiver has the necessary documents for a trouble-free clearance, and that a clean signature is obtained on delivery.
- Appoint an independent surveyor to attend the discharge of high-value cargoes.

Refrigerated containers can be shipped directly from the container terminal at the port of Gdynia through to Warsaw, and from there to several towns on the eastern border of Poland which have both standard European-dimension rail track lines and the wide gauge rail tracks standard in the NIS. At these locations, cargo is either reloaded onto wide gauge railcars or the axles of railcars with interchangable axles are then adjusted to fit wide gauge track dimensions. The cargo is then sent on wide gauge track line directly to its

[78] Exchange rate U.S. $1 = Swiss Francs 1.2570, obtained from International Financial Statistics, International Monetary Fund, August 1996, p. 573.
[79] Information obtained at the Freight Europe '96 Conference, Warsaw, Poland, June 1996.

final destination in Belarus, Ukraine and elsewhere in the NIS. The most commonly used stations for adjusting the gauges of railcars at the border are Biala Podlaska, Poland, near the Polish/Belorussian border, and Koviel, Ukraine, just past the Dorohusk/Jagodin border crossing on the Polish/Ukrainian border.

When transporting refrigerated containers from the port of Gdynia to Kiev, Ukraine, the rail transportation company Trade Trans typically sends the containers on flatbed railcars through the Dorohusk/Jagodin border crossing on the Polish/Ukrainian border through to Koviel, Ukraine (about 60 kilometers east of the Polish border), where the standard Western European narrow gauge rail track ends. Trade Trans prefers to use the Dorohusk/Jagodin border crossing, because it tends to be the shortest route. After reaching Koviel, the axles of the railcars are adjusted to wider gauge dimensions, and the individual four-car sections of the train continue to their final destinations.

Representatives of the Gdynia, Poland, office of the U.S. company Hudson Foods noted that moving poultry products to Ukraine from the port of Gdynia by rail is clearly the most economical way of transporting products, but that it is only appropriate when shipping large quantities of product to a buyer, given the need to use secured block trains. Hudson Foods typically ships around 174 metric tons (383,600 pounds) of product at a time via block trains, which consist of four railcars divided in the middle by a refrigeration unit. Containers are typically loaded onto flatbed railcars at the port of Gdynia, then shipped to Biala Podlaska, Poland (near the Polish/Belarussian border), where the axles of the railcars are adjusted to wide gauge track, and shipped to their final destination. According to Hudson Foods personnel, rail transport from Poland to Ukraine is more expensive than from other Baltic seaports.

Availability of refrigerated cars/shipping arrangements. Refrigerated cars and block train sections are generally available for both shipments within Poland and in transit to Ukraine. Prior arrangements are required with transportation companies and/or rail transportation agents. Further information about such companies is provided in appendix 1.

Direct Maritime Shipments to Ukraine

Preferred U.S. Ports of Origin

Unlike poultry shipments to Poland, where a single U.S. port —Charleston, South Carolina—holds a commanding lead in terms of the percentage of total breakbulk and containerized Polish-bound poultry traffic handled at its facility, there is no single U.S. port that stands out in handling direct shipments of poultry from the United States to Ukraine. As table 22 ilustrates, the importance of individual U.S. ports in handling the rapidly growing volume of direct U.S.-Ukrainian poultry traffic has fluctuated greatly in recent years. For example, although the port of Tampa, FL was responsible for handling the largest volume of Ukrainian-bound poultry cargo in 1996, and handled nearly 50 percent more of this cargo than its nearest competitor, the port handled no such cargo at all in 1995. Similarly, of the top five U.S. ports which handled Ukrainian-bound poultry cargo in 1996, only two of these ports were reported to have handled any such cargo in 1995.

While no particular U.S. port stands out in terms of its share of the Ukrainian poultry cargo market, U.S. exporters who ship poultry products directly to the Black Sea ports of Ukraine generally appear to prefer Gulf Coast ports over East Coast ports as an origination point for their shipments. In 1996, approximately 63 percent of all poultry cargo sent from the United States to Ukraine was shipped out of ports on the Gulf Coast, compared to 22 percent of all U.S. poultry cargo sent to Poland during the same time period. As in the case of Polish-bound cargo, the overwhelming majority of poultry cargo departing from Gulf Coast ports for Ukraine over the past 2 years consisted of noncontainerized cargo transported on chartered vessels (table 22).

Chartered Vessels Versus Liner Service Vessels

As in the U.S.-Polish poultry trade, the strong reliance on chartered vessels as a means of transporting U.S. poultry to Ukraine appears largely influenced by the skewed structure of local distribution. The dominant role currently played by a handful of companies in the distribution and marketing of imported poultry in Ukraine—discussed further in Chapter 5: Distribution and Marketing Channel Structure for U.S. Poultry Products in Poland and Ukraine—has apparently made it economically feasible for a select group of firms to take advantage of economies of scale and charter entire vessels to make direct deliveries of poultry to Ukrainian destinations. PIERS data tends to confirm the hypothesis that large-scale exporters of U.S. poultry to Ukraine have begun

Table 22. Ocean Shipments of Poultry from the U.S. to Ukraine, by Vessel Type

(volume in pounds, port market share in percent)

Port of Origin	Total Shipments, Jan-Dec 1996	Shipments by Liner Service, Jan-Dec 1996	Shipments by Charter Vessels, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Shipments by Liner Service, Jan-Dec 1995	Shipments by Charter Vessels, Jan-Dec 1995
Tampa (FL)	19,610,094 (29.16%)	0	19,610,094	0	0	0
Pascagoula (MS)	13,213,318 (19.64%)	0	13,213,318	13,263,640 (45.35%)	0	13,263,640
Savannah (GA)	8,663,605 (12.88%)	0	8,663,605	0	0	0
Jacksonville (FL)	7,876,186 (11.71%)	51,990	7,824,196	321,300 (1.10%)	321,300	0
Gulfport (MS)	5,972,923 (8.88%)	0	5,972,923	0	0	0
Baltimore (MD)	4,088,053 (6.08%)	4,088,053	0	4,121,253 (14.09%)	4,121,253	0
Houston (TX)	3,472,213 (5.16%)	0	3,472,213	7,217,681 (24.68%)	50,000	7,167,681
Charleston (SC)	2,264,575 (3.37%)	2,264,575	0	2,040,259 (6.98%)	2,040,259	0
Portsmouth (VA)	1,050,711 (1.56%)	1,050,711	0	310,913 (1.06%)	310,913	0
New York (NY)	759,975 (1.13%)	759,975	0	673,875 (2.30%)	673,875	0
Norfolk (VA)	289,401 (0.43%)	289,401	0	1,299,760 (4.44%)	1,299,760	0
All U.S. Gulf Coast Ports	42,268,548 (62.84%)	0	42,268,548	20,481,321 (70.02%)	50,000	20,431,321
All U.S. East Coast Ports	24,992,506 (37.16%)	8,504,705	16,487,801	8,767,360 (29.98%)	8,767,360	0
Total U.S. Ports	**67,261,054 (100.00%)**	**8,504,705 (12.64%)**	**58,756,349 (87.36%)**	**29,248,681 (100.00%)**	**8,817,360 (30.15%)**	**20,431,321 (69.85%)**

Source: PIERS data, Journal of Commerce, March 1997. The term "liner service" denotes that goods were transported as part of a shipping company's regularly scheduled service between specific ports of loading and discharge. The term "charter vessel" indicates that goods were transported by a vessel whose entire cargo space was reserved by one or more companies to carry goods between specific ports of loading and discharge as requested by the charterer(s).

to rely on chartered vessels as a means of consolidating loads and reducing the transportation costs involved in shipping each unit of product. In 1996, the average volume of poultry cargo contracted to be transported by chartered vessels from a U.S. port to a destination in Ukraine was 2,797,921 pounds (around 1,269 MT), compared to the average cargo volume of 88,591 pounds (around 40 MT or slightly less than two container loads) for poultry cargo contracted to be shipped on a vessel operated as part of a regularly scheduled liner service.

In particular, the U.S./Ukrainian joint venture company known as Ascop—a large-scale distributor of imported foodstuffs which is privately reported by industry and government sources in Ukraine to hold around a 50 percent share of the local market for U.S. poultry—has contracted a large number of the vessels which have transported poultry cargo from the United States to Ukraine by chartered vessel. In 1995, for example, PIERS data recorded Ascop as the party responsible for exporting 65 percent of the poultry cargo transported by chartered vessel between the United States and Ukraine.

Containerized and Breakbulk Cargo Preferences

More than four-fifths of the poultry products shipped from U.S. ports directly to destinations in Ukraine are currently transported without containers, almost exclusively on chartered vessels. The relative importance of the noncontainerized segment of the U.S./Ukrainian poultry trade appears to have increased recently, from 70 percent in calendar year 1995 to more than 87 percent in calendar year 1996 (table 23).

The heavy reliance on noncontainerized forms of transport in the U.S.-Ukrainian poultry trade appears to be rooted in the two following factors. Extreme consumer sensitivity to the price of imported products in Ukraine provides exporters with an incentive to use the least expensive forms of ocean freight available (such as large-volume, noncontainerized shipping) to reduce the final cost of product to end-users. The other is the current lack of significant competition among providers of containerized shipping services to locations in Ukraine. At present, one shipping line—Maersk, Inc.—is handling virtually all of the containerized poultry cargo transported from U.S. ports to Ukraine. According to PIERS data, Maersk was responsible for handling 95 percent of all containerized poultry cargo headed to Ukraine from the United States during calendar year 1996 (equal to 8.1 million pounds), practically unchanged from the 97-percent market share it held during 1995.

Maersk's dominant role in the traffic of containerized poultry cargo to Ukraine may well be linked to perceptions that the company has access to superior facilities for unloading and discharging containerized cargo, resulting from the fact that it has recently begun to manage and operate its own private container terminal at the Black Sea port of Illyichevsk (about 10 miles from the port of Odessa). This terminal is said to allow for more efficient handling and proper storage of refrigerated food products than is generally available at Ukrainian ports. Press reports from August 1996 indicate that Maersk has recently installed equipment enabling the firm to store up to 120 fully loaded containers at its Illyichevsk facility, allowing more regular deliveries of refrigerated cargo to Illyichevsk than ever before.[80]

Shipping Route Preferences

Whether the exporter intends to ship poultry from the United States to Ukraine with or without containers heavily influences what shipping route is chosen. In the case of noncontainerized cargo, which represented more than 87 percent of all poultry cargo shipped from the United States to Ukraine in 1996, U.S. exporters generally charter a vessel, and arrange to have their cargo delivered directly to a Ukrainian port on the Black Sea, avoiding transshipments entirely (table 24). For this type of cargo, the port of Nikolayev is the primary port of entry, having been designated as the final destination for 38.6 percent of all noncontainerized poultry cargo shipped from U.S. ports to Ukraine in 1996, followed by the port of Odessa with a 28.5 percent market share. (Indeed, Nikolayev was cited as the preferred port of entry for U.S. poultry by Ascop personnel interviewed during mid-1996.)

The typical shipment routes used for containerized poultry cargo are quite different from the routes used for noncontainerized poultry cargo. Recent PIERS data suggest that containerized cargo is almost exclusively transported from the United States on liner service vessels and transshipped through a major deep-water port before continuing to a final destination in Ukraine. The most popular transshipment ports for Ukrainian-bound poultry cargo from the United States tend to be along the Mediterranean Sea, such as Marsaxlokk and Valletta, Malta, and Algeciras, Spain, although the North Sea ports of Rotterdam and Bremerhaven also account for a sizable portion of cargo volume (table 24).

[80] "Maersk Increases Deliveries," Eastern Economist, August 19, 1996, p. 6.

Table 23. U.S. Poultry Shipments to Ukraine, 1995-1996: Containerized Versus Breakbulk Cargo, by U.S. Port

(volume in pounds, cargo type in percent)

Port of Origin	Total Shipments, Jan-Dec 1996	Container Shipments, Jan-Dec 1996	Breakbulk Shipments, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Container Shipments, Jan-Dec 1995	Breakbulk Shipments, Jan-Dec 1995
Tampa (FL)	19,610,094	0 (0.00%)	19,610,094 (100.00%)	0	0	0
Pascagoula (MS)	13,213,318	0 (0.00%)	13,213,318 (100.00%)	13,263,640	0 (0.00%)	13,263,640 (100.00%)
Savannah (GA)	8,663,605	0 (0.00%)	8,663,605 (100.00%)	0	0	0
Jacksonville (FL)	7,876,186	51,990 (0.66%)	7,824,196 (99.34%)	321,300	321,300 (100.00%)	0 (0.00%)
Gulfport (MS)	5,972,923	0 (0.00%)	5,972,923 (100.00%)	0	0	0
Baltimore (MD)	4,088,053	4,088.053 (100.00%)	0 (0.00%)	4,121,253	4,071,093 (98.78%)	50,160 (1.22%)
Houston (TX)	3,472,213	0 (0.00%)	3,472,213 (100.00%)	7,217,681	50,000 (0.69%)	7,167,681 (99.31%)
Charleston (SC)	2,264,575	2,264,575 (100.00%)	0 (0.00%)	2,040,259	2,040,259 (100.00%)	0 (0.00%)
Portsmouth (VA)	1,050,711	1,050,711 (100.00%)	0 (0.00%)	310,913	310,913 (100.00%)	0 (0.00%)
New York (NY)	759,975	759,975 (100.00%)	0 (0.00%)	673,875	673,875 (100.00%)	0 (0.00%)
Norfolk (VA)	289,401	289,401 (100.00%)	0 (0.00%)	1,299,760	1,299,760 (100.00%)	0 (0.00%)
All U.S. Gulf Coast Ports	42,268,548	0 (0.00%)	42,268,548 (100.00%)	20,481,321	50,000 (0.24%)	20,431,321 (99.76%)
All U.S. East Coast Ports	24,992,506	8,504,705 (34.03%)	16,487,801 (65.97%)	8,767,360	8,717,200 (99.43%)	50,160 (0.57%)
Total U.S. Ports	**67,261,054 (100.00%)**	**8,504,705 (12.64%)**	**58,756,349 (87.36%)**	**29,248,681 (100.00%)**	**8,767,200 (29.97%)**	**20,481,481 (70.03%)**

Source: PIERS data, Journal of Commerce, March 1997.

Table 24. Routing Preferences in Direct Poultry Trade Between the U.S. and Ukraine, by Carrier and Vessel Type, January-December, 1996

(volume in pounds, shipping route share in percent)

Shipping Route	Containerized Cargo, Liner Service Vessel, Operated By Maersk	Containerized Cargo, Liner Service Vessel, Operated By Sea-Land Service	Breakbulk Cargo, Chartered Vessel, 1 Or 2 Commodities	Breakbulk Cargo, Chartered Vessel, More Than 2 Commodities	Total Volume
Direct service, U.S.-Nikolayev (Ukrainian port on Black Sea)	0 (0.00%)	0 (0.00%)	8,663,605 (31.11%)	17,266,520 (55.87%)	25,930,125 (38.55%)
Direct service, U.S.-Odessa (Ukrainian port on Black Sea)	0 (0.00%)	0 (0.00%)	19,186,241 (68.89%)	0 (0.00%)	19,186,241 (28.53%)
Direct service, U.S.-Kherson (Ukrainian port on Black Sea)	0 (0.00%)	0 (0.00%)	0 (0.00%)	7,824,196 (25.32%)	7,824,196 (11.63%)
Direct service, U.S.-Yuzhnyy (Ukrainian port on Black Sea)	0 (0.00%)	0 (0.00%)	0 (0.00%)	5,815,787 (18.82%)	5,815,787 (8.65%)
Transshipment, U.S./Malta/ Dnepropetrovsk (interior city in eastern Ukraine)[81]	3,623,730 (44.93%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	3,623,730 (5.39%)
Transshipment, U.S./Holland/ Dnepropetrovsk (interior city in eastern Ukraine)[82]	1,508,264 (18.70%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1,508,264 (2.24%)
Transshipment, U.S./Spain/ Dnepropetrovsk (interior city in eastern Ukraine)[83]	675,394 (8.37%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	675,394 (1.00%)
Transshipment, U.S./United Arab/ Emirates/Dnepropetrovsk (interior city in eastern Ukraine)[84]	533,000 (6.61%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	533,000 (0.79%)
Transshipment, U.S./Italy/ Dnepropetrovsk (interior city in eastern Ukraine)[85]	472,500 (5.86%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	472,500 (0.70%)
Transshipment, U.S./Spain/ Illyichevsk (Ukrainian port on Black Sea)[86]	259,674 (3.22%)	102,065 (23.20%)	0 (0.00%)	0 (0.00%)	361,739 (0.54%)

Table 24. Routing Preferences in Direct Poultry Trade Between the U.S. and Ukraine, by Carrier and Vessel Type, January-December, 1996, *Continued*

(volume in pounds, shipping route share in percent)

Shipping Route	Containerized Cargo, Liner Service Vessel, Operated By Maersk	Containerized Cargo, Liner Service Vessel, Operated By Sea-Land Service	Breakbulk Cargo, Chartered Vessel, 1 Or 2 Commodities	Breakbulk Cargo, Chartered Vessel, More Than 2 Commodities	Total Volume
Transshipment, U.S./Malta/ Illyichevsk (Ukrainian port on Black Sea)[87]	307,500 (3.81%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	307,500 (0.46%)
Transshipment, U.S./Germany/ Dnepropetrovsk (interior city in eastern Ukraine)[88]	289,401 (3.59%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	289,401 (0.43%)
Transshipment, U.S./Germany/ Illyichevsk (Ukrainian port on Black Sea)[89]	159,618 (1.98%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	159,618 (0.24%)
Transshipments, U.S./Germany/ Ostrog (interior city in western Ukraine)[90]	0 (0.00%)	155,990 (35.46%)	0 (0.00%)	0 (0.00%)	155,990 (0.23%)
Transshipment, U.S./Italy/ Illyichevsk (Ukrainian port on Black Sea)[89]	106,412 (1.32%)	37,488 (8.52%)	0 (0.00%)	0 (0.00%)	143,900 (0.21%)
Other shipment routes	129,359 (1.60%)	144,310 (32.81%)	0 (0.00%)	0 (0.00%)	273,669 (0.41%)
Total volume of Ukrainian bound poultry cargo from U.S.	**8,064,852**	**439,853**	**27,849,846**	**30,906,503**	**67,261,054**

Source: PIERS data, Journal of Commerce, March 1997.

[81]Includes transshipments through Marsaxlokk and Valletta. In these cases, shipper assumed responsibility for delivery to interior destination (Dnepropetrovsk); the actual port of entry in Ukraine is not indicated.

[82]Denotes transshipments through Rotterdam. In these cases, shipper assumed responsibility for delivery to interior destination (Dnepropetrovsk); the actual port of entry in Ukraine is not indicated.

[83]Denotes transshipments through Algeciras. In these cases, shipper assumed responsibility for delivery to interior destination (Dnepropetrovsk); the actual port of entry in Ukraine is not indicated.

[84]Denotes transshipments through Jebel Ali. In these cases, shipper assumed responsibility for delivery to interior destination (Dnepropetrovsk); the actual port of entry in Ukraine is not indicated.

[85]Denotes transshipments through Gioia Tauro. In these cases, shipper assumed responsibility for delivery to interior destination (Dnepropetrovsk); the actual port of entry in Ukraine is not indicated.

[86]Denotes transshipments through Algeciras.

[87]Denotes transshipments through Marsaxlokk.

[88]Denotes transshipments through Bremerhaven. In these cases, shipper assumed responsibility for delivery to interior destination (Dnepropetrovsk); the actual port of entry in Ukraine is not indicated.

[89]Denotes transshipments through Bremerhaven.

[90]Denotes transshipments through Bremerhaven. In these cases, shipper assumed responsibility for delivery to interior destination (Ostrog); the actual port of entry in Ukraine is not indicated.

[91]Includes transshipments through Gioia Tauro and La Spezia.

Approximate Costs and Transit Times for Containerized Ocean Freight

Freight forwarders indicated in late 1996 that ocean freight rates for a 40-foot container of frozen poultry from the U.S. Gulf Coast to the Ukrainian Black Sea port of Illyichevsk, via the transshipment port of Gioia Tauro, Italy, were approximately $5,100. The total transit time from the U.S. Gulf Coast to Illyichevsk, Ukraine, was estimated to range between 23 and 27 days, with 5 to 9 days required for the transloading and shipment of the merchandise from Gioia Tauro to Illyichevsk.

Ukrainian Port Operations and Capacity

General Overview

Shipments of frozen food products to the Black Sea ports of Ukraine are a relatively new practice. During the time when the country was part of the former Soviet Union, the major ports in the Soviet Union handling refrigerated cargo were the port of St. Petersburg and the ports of the Baltic Republics. Since 1991, these ports have been under different jurisdictions, and the need for shipments of refrigerated cargo to the Ukrainian Black Sea ports has emerged.

Characteristics of Primary Ports

Odessa: The port is open for navigation year round. Ice can occur in the second half of December and be in place through February with an average need for icebreaker assistance of 30 days.[92] There are a total of 38 berths at the port, with depths of 26-39 feet.[93] Occasionally, strong south winds can be experienced in the winter, which can make entry to the port difficult.

Illyichevsk: The port is open for navigation year round. Ice can occur during winter in a very similar time frame as in Odessa (since the two ports are located very close to each other). The commercial quays are about 4,300 yards in length with depths up to 36 feet, and there are 19 numbered berths on the southwest shore of the port.[94]

Nikolayev: The port is open for navigation year round. The commercial seaport is situated at the mouth of the river Yuzhnyy Bug in the northern end of the Dnieper-Bug estuary. Usually ice occurs in the channel and estuary in December and finally disappears during the first half of March. During icy periods, traffic through the channel is permitted for individual vessels holding an Ice Class Certificate.[95] In the cases when a vessel has no Ice Class Certificate, a special letter should be signed by the Master (commander of a merchant ship) before entering. As a rule, during periods of the year where there is ice, traffic through the channel is only permitted in convoys and escorted by ice breakers.

Kherson: The port is situated on the Black Sea at the junction of the Koshevaya and Dnieper Rivers. The quays provide 10 berths with depths up to 25 feet.[96] Other berths at the port are for local traffic only. The port is open for navigation year round but usually during the winter it needs ice breaker assistance for about 80 days.[97]

Yuzhnyy: The port is still under development. It is open for navigation year round. In mild winters there might be no ice at all; however, during severe winters there might be a need for ice breaker assistance for about 30 days. The port is accessible to vessels drawing up to 41 feet, 886 feet LOA (length overall), and air draft of 49 feet.[98]

Container Handling Capacity and Alongside Power Availability

At present, two ports in Ukraine have the capacity to handle refrigerated containers, Illyichevsk and Odessa. In the port of Illyichevsk, Maersk Line has a guarded reefer terminal with 120 reefer plugs, currently installed by and for the exclusive use and access of Maersk Line.[99] The container terminal at Illyichevsk can theoretically load or discharge a maximum of 300 containers per shift (at two shifts per day), but the facility reportedly only has the capacity of providing direct electrical power to 60 refrigerated containers simultaneously.[100] Meanwhile, the port of Odessa can handle 300 dry containers per shift (2 shifts per day) and accommodate as many as 200 refrigerated containers simultaneously.[101]

Equipment Availability

Table 25 lists mechanized equipment reportedly available at the two major container ports of Ukraine (Odessa and Illyichevsk), and the other major Black Sea ports of Ukraine.

[92] Data obtained from UniMasters Logistics, Varna, Bulgaria, April 1997.
[93] Ibid.
[94] Ibid.
[95] Ibid.
[96] Ibid.
[97] Ibid.
[98] Ibid.
[99] Ibid.
[100] Data obtained from Baltic and Oriental Ukraine, Odessa, Ukraine, April 1997.
[101] Ibid.

Table 25. Available Equipment at the Black Sea Ports of Ukraine

Ukrainian Black Sea Port	Available Equipment
Odessa	Ship to shore cranes with 20- to 40-MT capacity Floating cranes with up to 100-MT capacity Container yard gantry cranes with up to 31-MT capacity Container yard forklifts with 18- to 45-MT capacity Railway gantry cranes at railway terminal with 20- to 40-MT capacity Electrical forklifts with 1.5- to 2.5-MT capacity Diesel forklifts with 5- to 25-MT capacity
Illyichevsk	Ship to shore cranes with 20- to 40-MT capacity Floating cranes with up to 300-MT capacity Container yard gantry cranes with up to 35-MT capacity Container yard forklifts with 30-MT capacity Railway gantry cranes at railway terminal with 20- to 40-MT capacity Electrical forklifts with 1.5- to 2.5-MT capacity Diesel forklifts with 10- to 25-MT capacity
Nikolayev	Gantry cranes wtih 5- to 40-MT capacity 1 floating crane with up to 100-MT capacity
Yuzhnyy	Cranes with maximum capacity of 32 MT
Kherson	Electrical shore cranes of up to 10-MT capacity Floating cranes of up to 100-MT capacity

Sources: UniMasters Logistics (Varna, Bulgaria), Baltic and Oriental Ukraine (Odessa, Ukraine), April 1997.

Freight forwarders operating in the region report that forklifts at both major ports (Odessa and Illyichevsk) are subject to frequent breakdowns, due to insufficient repairs and shortages of spare parts. Although the port relies on an independent supply of electricity, it is important to note that it is still subject to periodic blackouts of 4-6 hours duration.[102]

Standard Loading/Discharge Practices and Fees

Typical charges for stevedoring services—the discharging or loading of containers from or to a vessel—at the port of Odessa are: $178 (for a full 40-foot container), $150 (for a full 20-foot container), $89 (for an empty 40-foot container), and $75 (for an empty 20-foot container).[103] These stevedoring services include opening and closing the ship's hatches, surveying the outside condition of containers and container marks, and tallying containers.

Additional services performed by port staff or other service providers at Odessa and Illyichevsk for additional fees include:

- Moving cargo between road/railway transport vehicles and the port's open storage or warehouse facilities;
- Moving cargo between port storage/warehouse facilities and the ship's hold;
- Weighing cargo;
- Standardizing and classifying cargo;
- Sampling, bundling, and labeling cargo;
- Marking and/or remarking cargo.

Storage for Refrigerated and Containerized Cargo

The port of Odessa theoretically has the capacity to store 2,000 MT of frozen goods, including poultry products.[104] However, due to maintenance problems, the actual amount of cold-storage area available to customers can vary. Temperatures in the cold-storage warehouses can range between 0 degree Fahrenheit and -11 degrees Fahrenheit,

[102] Reported by Baltic and Oriental Ukraine, Odessa, Ukraine, March 1997.
[103] Ibid.
[104] Data obtained from Baltic and Oriental Ukraine, Odessa, Ukraine, April 1997.

and the storage charge is $1.12 per MT, per day.[105] The port of Illyichevsk has no cold-storage facilities for refrigerated or frozen containerized cargo at present, although the container terminal at Illyichevsk is able to store 5,000 TEUs of dry containerized cargo.[106]

Table 26 provides information on charges for alongside power hookups for containerized cargo and storage charges for dry containerized cargo at the port of Illyichevsk. (Local freight forwarders indicate that charges are the port of Odessa are comparable.) All port charges are expected to be paid in advance of use.

Transportation Links From Ukrainian Black Sea Ports

Maritime Feeder Services

According to local freight forwarders who receive ocean freight in the Black Sea region, the most popular shipping lines providing regular service to the Black Sea ports of Ukraine are Maersk Line, Sea-Land Service, Zim Lines, and Compagnie Maritime de Navigationale (CMN), while Evergreen Lines has recently developed a new service to the region.[107] Feeder service between Illyichevsk and Gioia Tauro, Italy, the primary transshipment point, is currently offered weekly, with Maersk, Sea-Land and Evergreen sharing use of the same two feeder vessels. The larger of the two vessels, the "Monika Ehler," has a 650-TEU capacity and contains 100 reefer plugs on board, while the other feeder vessel, the "Aksoy Gelibolu," has a 235-TEU capacity and 40 reefer plugs. However, freight forwarders report that the volumes carried on the feeder service vessels are still generally below the available capacity. For both vessels, the transit time between Gioia Tauro and Illyichevsk is estimated at five days under good conditions.[108]

Trucking

Standard transit times to various markets in Ukraine and nearby NIS countries from the ports of Illyichevsk and Odessa depend on distance and road quality. Freight forwarders operating in the region report that transit costs for moving reefer containers range between $1.20 and $1.90 per kilometer.[109] Delays of up to 1 day to and from the terminals are common for both ports due to chronic congestion. Moreover, according to Ukrainian labor laws, a truck driver is not allowed to drive more than 450 kilometers (280 miles) per day.[110] Since the distance between the primary ports of Odessa and Illyichevsk and the major market of Ukraine—

[105] Quote obtained from Baltic and Oriental Ukraine, Odessa, Ukraine, April 1997.
[106] Data obtained from Baltic and Oriental Ukraine, Odessa, Ukraine, April 1997.
[107] Based on correspondence from Baltic and Oriental Ukraine, Odessa, Ukraine, March 1997.
[108] Information obtained from UniMasters Logistics, Varna, Bulgaria, April 1997.
[109] Information obtained from Baltic and Oriental Ukraine, Odessa, Ukraine, April 1997.
[110] Ibid.

Table 26. Charges for Alongside Power Access and Storage for Containerized Cargo, Port of Illyichevsk (Ukraine)

Type of Service	Service Fee
Refrigerated Containers: Switching into/disconnecting from electricity line	$35 for each connection/disconnection
Refrigerated Containers: Usage of electricity supply	$35 per TEU, per day
Dry Containers: Up to 10 days storage	20-foot: $2.40 per container unit 40-foot: $4.80 per container unit
Dry Containers: From 11 days up to 15 days storage	20-foot: $1.20 per day 40-foot: $2.40 per day
Dry Containers: From 16 days up to 30 days storage	20-foot: $2.40 per day 40-foot: $4.80 per day
Dry Containers: Over 30 days storage	20-foot: $3.60 per day 40-foot: $7.20 per day

Sources: Baltic and Oriental Ukraine, Odessa, Ukraine, April 1997.

Kiev—are 480 kilometers (298 miles) and 500 kilometers (311 miles), respectively, the trip between Illyichevsk/Odessa and Kiev can generally be expected to take more than 1 working day without taking port congestion into account.

Tables 27 and 28 provide information on distances between the city of Odessa and major destination markets in Ukraine, and estimated transit times for truck transportation between the port of Illyichevsk (12 miles from Odessa) and major destination markets in Ukraine (including time spent transloading cargo onto vehicles at the port).

Rail

The state railway company of Ukraine will not accept the responsibility of transporting intact refrigerated containerized cargo, since it has no way of providing and

Table 27. Distances Between Odessa and Major Population Centers in Ukraine[111]

Destination	Distance (in kilometers)	Distance (in miles)
Kiev (Kyiv)	480	298
Kharkov (Kharkiv)	685	425
Dnepropetrovsk (Dnipropetrovsk)	463	288
Donetsk	713	443
Zaporozie (Zaporizhia)	486	302
Lvov (Lviv)	793	493
Nikolayev (Myukolayiv)	134	83
Lugansk (Luhansk)	864	537
Vinnytsya (Vinnitsa)	429	266
Kherson	205	127
Simferopol	473	294
Poltava	596	370
Chernigov (Chernihiv)	634	394
Cherkassy (Cherkasy)	453	281
Sumy	779	484
Zhitomir (Zhytomyr)	555	345
Kirovograd (Kirovohrad)	337	209
Chernovtsy (Chernivtsi)	515	320
Khmelnitsky (Khemelnytskyi)	559	347
Rovno (Rivne)	742	461
Ivano-Frankovsk (Ivano-Frankivsk)	658	409
Ternopol (Ternopil)	676	420
Lutsk	816	507

Sources: Brama, Inc. Web site, located at http://www.brama.com/ukraine/apgm.html.

[111]Russian transliteration of city names is followed by Ukrainian transliteration where differences exist.

Table 28. Estimated Truck Transit Times Between the Port of Illyichevsk and Destination Markets in Ukraine[112]

Destination	Transit Times
Cherkassy	36 hours
Chernikov	36 hours
Chernovtsy	36 hours
Dnepropetrovsk	36 hours
Donetsk	48 hours
Evpatorija	36 hours
Feodosia	36 hours
Kerch	48 hours
Kharkov	48 hours
Kherson	24 hours
Khmelnitsky	36 hours
Kishinev (Moldova)	24 hours
Kiev	24 hours
Krivoy Rog	36 hours
Kremenchug	36 hours
Lugansk	60 hours
Lutsk	60 hours
Lviv	48 hours
Mariopol	36 hours
Melitopol	36 hours
Nikolayev	24 hours
Odessa	12 hours
Poltava	36 hours
Rovno	48 hours
Simferopol	48 hours
Sumy	60 hours
Ternopol	48 hours
Ushgorod	60 hours
Vinnitsa	36 hours
Zaporozie	36 hours
Zhitomir	36 hours
Yalta	36 hours

Sources: UniMasters Logistics, Varna, Bulgaria, April 1997

[112]Includes time required to move cargo out of port facility.

monitoring electrical power to containers en route. Goods delivered to Ukrainian ports in refrigerated containers can only be transported to a final destination in Ukraine by rail if they are removed from their original containers and restuffed into refrigerated railway cars at the port. Consequently, local freight forwarders generally recommend that trucks be used whenever it is necessary to deliver imported refrigerated containerized cargo in Ukraine, since this transportation mode will permit the original container to be left intact and to be plugged into electrical power.

Transshipments Through Estonian Ports

Preferred U.S. Ports of Origin

The U.S. ports involved in shipping poultry products to Estonia are almost identical to those involved in the U.S.-Polish poultry trade. In both cases, the ports of New Orleans, LA and Charleston, SC are the most dominant U.S. ports of origin, and the vast majority of poultry shipments from these ports involve the transport of breakbulk poultry cargo on chartered vessels. During 1996, according to PIERS data, 94 percent of all Estonian-bound poultry cargo departing from U.S. ports was handled by either the port of New Orleans or the port of Charleston. Virtually all of this cargo—98 percent — was transported breakbulk directly to its final destination by chartered vessel.

Tables 29 and 30 provide a breakdown of recent poultry cargo shipment volumes from the United States to Estonia by vessel and cargo type. During the 1995–1996 period, all poultry cargo shipped from U.S. ports to Estonia in chartered vessels was sent breakbulk, while all poultry cargo transported to Estonia in liner service vessels was sent in containers. As in the case of ocean shipments of poultry to both Poland and Ukraine, those U.S. ports which handle Estonian-bound poultry cargo generally specialize in either breakbulk or containerized shipping services; only the port of Charleston (as in the U.S.-Poland trade) appears to have handled a significant volume of both breakbulk and containerized poultry cargo simultaneously.

Chartered Vessels Versus Liner Services

Chartered vessels—where one or several charter parties reserves the entire cargo space of a vessel to carry goods between specific ports of loading and discharge—remain far and away the most popular way to transport U.S. poultry to Estonia. (table 29). During 1996, 92.2 percent of the poultry products leaving U.S. ports for Estonia were transported on chartered vessels, all of which carried only one or two commodities; this compares to a 1995 chartered-vessel market-share figure of 97.9 percent.

As in the case of Polish-bound poultry shipments from the United States, Hudson Foods has been responsible for the vast majority of chartered-vessel transport of U.S. poultry to Estonia during 1995-1996. PIERS data indicate that Hudson Foods was listed as contracting fully 100 percent of all poultry cargo transported to Estonia from U.S. ports by chartered vessel during 1996, and 94.8 percent of such chartered vessel traffic in 1995. When one considers the fact that poultry shipments from the United States to Estonia by chartered vessel typically involve a very large quantity of product—averaging more than 3.3 million pounds in 1996 (equivalent to more than sixty-three typical 40-foot containers of frozen poultry)—the fact that the chartered-vessel market to Estonia is so thoroughly dominated by major players does not seem all that surprising. In contrast, the average volume of poultry contracted for shipment from the United States to Estonia on liner service vessels totaled only 52,313 pounds in 1996, roughly equivalent to one 40-foot container of poultry.

Containerized and Breakbulk Cargo Preferences

Cargo preferences in the U.S.-Estonian poultry trade are very similar to the preferences seen in the U.S.-Ukraine poultry trade. Breakbulk cargo on chartered vessels remain the predominant mode of transport between the United States and Estonia, accounting for more than 90 percent of poultry cargo shipped by ocean vessel from the United States to Estonia during 1996. However, in terms of corporate involvement in U.S.-Estonian poultry traffic, the situation is much more reminiscent of the U.S.-Polish trading relationship. The same company which plays such a dominant role in poultry exports to Poland—Hudson Foods—occupies an equally important position in U.S. poultry exports to Estonia. According to PIERS data, Hudson Foods was listed as the responsible exporting party for 100 percent of the noncontainerized U.S. poultry cargo shipped to Estonia by ocean freight during 1996, all of it transported by chartered vessel.

Despite the continued dominance of breakbulk cargo as the primary mode of transport for frozen poultry, an increasing number of U.S. poultry exporters appear willing to ship their cargo to Estonia in refrigerated containers. Shipments of containerized poultry cargo from the United States to Estonia rose more than 150 percent between 1995 and 1996, from 3.6 million pounds to 9.1 million pounds according to PIERS figures. Two providers of shipping services for containerized cargo currently account for the lion’s share of

Table 29. Ocean Shipments of Poultry from the U.S. to Estonia, by Vessel Type

(volume in pounds, port market share in percent)

Port of Origin	Total Shipments Jan-Dec 1996	Shipments by Liner Service, Jan-Dec 1996	Shipments by Charter Vessels, Jan-Dec 1996	Total Shipments Jan-Dec 1995	Shipments by Liner Service, Jan-Dec 1995	Shipments by Charter Vessels Jan-Dec 1995
New Orleans (LA)	79,216,565 (67.92%)	310,166	78,906,399	145,009,215 (84.44%)	104,040	144,905,175
Charleston (SC)	30,616,320 (26.25%)	1,945,770	28,670,550	15,579,362 (9.07%)	1,139,000	14,440,362
Savannah (GA)	2,772,006 (2.38%)	2,772,006	0	254,234 (0.15%)	254,234	0
Portsmouth (VA)	2,381,834 (2.04%)	2,381,834	0	830,492 (0.48%)	830,492	0
Baltimore (MD)	771,725 (0.66%)	771,725	0	685,933 (0.40%)	685,933	0
Norfolk (VA)	556,568 (0.48%)	556,568	0	200,362 (0.12%)	200,362	0
Houston (TX)	208,000 (0.18%)	208,000	0	155,800 (0.09%)	155,800	0
Jacksonville (FL)	52,020 (0.04%)	52,020	0	0	0	0
New York (NY)	52,000 (0.04%)	52,000	0	200,000 (0.12%)	200,000	0
Gulfport (MS)	0	0	0	8,813,015 (5.13%)	0	8,813,015
All U.S. East Coast Ports	37,202,473 (31.90%)	8,531,923	28,670,550	17,750,383 (10.34%)	3,310,021	14,440,362
All U.S. Gulf Coast Ports	79,424,565 (68.10%)	518,166	78,906,399	153,978,030 (89.66%)	259,840	153,718,190
Other Ports	0	0	0	0	0	0
Total	**116,627,038 (100.00%)**	**9,050,089**	**107,576,949**	**171,728,413 (100.00%)**	**3,569,861**	**168,158,552**

Source: PIERS data, Journal of Commerce, March 1997.

poultry traffic between the United States and Estonia: Hapag-Lloyd currently leads the pack, holding a 51-percent share of the U.S.-Estonian containerized poultry cargo market during 1996, followed closely behind by P&O Nedlloyd with a 42-percent market share.

Shipping Route Preferences

As is typical elsewhere in the region, direct ocean freight services for poultry cargo from the United States to Estonia currently appear to be restricted to noncontainerized cargo.

Table 30. U.S. Poultry Shipments to Estonia, 1995-1996: Containerized Versus Breakbulk Cargo, by U.S. Port

(volume in pounds, vessel type in percent)

Port of Origin	Total Shipments, Jan-Dec 1996	Container Shipments, Jan-Dec 1996	Breakbulk Shipments, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Container Shipments, Jan-Dec 1995	Breakbulk Shipments, Jan-Dec 1995
New Orleans (LA)	79,216,565	310,166 (0.39%)	78,906,399 (99.61%)	145,009,215	104,040 (0.07%)	144,905,175 (99.93%)
Charleston (SC)	30,616,320	1,945,770 (6.36%)	28,670,550 (93.64%)	15,579,362	1,139,000 (7.31%)	14,440,362 (92.69%)
Savannah (GA)	2,772,006	2,772,006 (100.00%)	0 (0.00%)	254,234	254,234 (100.00%)	0 (0.00%)
Portsmouth (VA)	2,381,834	2,381,834 (100.00%)	0 (0.00%)	830,492	830,492 (100.00%)	0 (0.00%)
Baltimore (MD)	771,725	771,725 (100.00%)	0 (0.00%)	685,933	685,933 (100.00%)	0 (0.00%)
Norfolk (VA)	556,568	556,568 (100.00%)	0 (0.00%)	200,362	200,362 (100.00%)	0 (0.00%)
Houston (TX)	208,000	208,000 (100.00%)	0 (0.00%)	155,800	155,800 (100.00%)	0 (0.00%)
Jacksonville (FL)	52,020	52,020 (100.00%)	0 (0.00%)	0	0	0
New York (NY)	52,000	52,000 (100.00%)	0 (0.00%)	200,000	200,000 (100.00%)	0 (0.00%)
Gulfport (MS)	0	0	0	8,813,015	0 (0.00%)	8,813,015 (100.00%)
All U.S. East Coast Ports	37,202,473	8,531,923 (22.93%)	28,670,550 (77.07%)	17,750,383	3,310,021 (18.65%)	14,440,362 (81.35%)
All U.S. Gulf Coast Ports	79,424,565	518,166 (0.65%)	78,906,399 (99.35%)	153,978,030	259,840 (0.17%)	153,718,190 (99.83%)
Other Ports	0	0	0	0	0	0
Total	**116,627,038**	**9,050,089 (7.76%)**	**107,576,949 (92.24%)**	**171,728,413**	**3,569,861 (2.08%)**	**168,158,552 (97.92%)**

Source: PIERS data, Journal of Commerce, March 1997.

While 100 percent of the noncontainerized poultry cargo headed from the United States to Estonia during 1996 was reported to have been sent directly from a U.S. port of origin (either New Orleans or Charleston) to a final destination in Estonia (Tallinn), the opposite was true of containerized poultry cargo bound for Estonia, all of which appeared to have been transshipped through Northern European ports on liner service vessels en route to a final Estonian destination.

By far the most popular transshipment port for containerized cargo is Bremerhaven, which was responsible for handling 86 percent of all containerized poultry cargo leaving U.S. ports for Estonia during 1996. The vast majority of the remaining containerized cargo was transshipped through either Rotterdam or Antwerp. (The routing preferences for both containerized and noncontainerized poultry cargo headed for Estonia are outlined in table 31.)

In terms of preferred destinations in Estonia, virtually all of the poultry cargo shipped from the United States to Estonia—both breakbulk and containerized—is recorded by PIERS as having been discharged at the port of Tallinn. (The "Tallinn" designation may include any one of three ports located in the immediate vicinity of the city of Tallinn—Tallinn City Port, Muuga Port, and Kopli Port—and most likely refers to the Muuga port facility in the majority of cases, as this facility is responsible for handling most of Estonia's international trade in refrigerated goods.) Tallinn is listed as the final point of discharge for 100 percent of breakbulk cargo and 84 percent of containerized cargo shipped from the United States in 1996, with the remainder of the merchandise either contracted to be shipped to the interior Estonian city of Tartu or to other unspecified locations in Estonia.

Approximate Costs of Shipping Containerized Ocean Freight to Estonia

According to freight quotes provided by the Estonian Investment Agency in December 1996, the approximate cost of ocean freight for a 40-foot refrigerated container of frozen poultry shipped between the U.S. East Coast and the port of Tallinn was reported to cost around $4,500 per container, which includes feeder service from either Rotterdam, Netherlands, or Hamburg, Germany.

Estonian Port Operation and Capacity

General Overview

The major ports in Estonia are Tallinn City Port, Muuga, and Kopli, all of which are in the Tallinn metropolitan area. Muuga Port, located on a 400-hectare (988-acre) parcel of land just 12 kilometers from the city of Tallinn, is probably Estonia's chief asset in terms of playing a significant role in the transshipment of cargo to the countries of the NIS. The largest and deepest port in Estonia at 18.5 meters, Muuga is the deepest port in the Gulf of Finland and is capable of handling any vessel able to pass through the 16.5 meter-deep Danish straits.[113] The port, which was built in the early 1980's to handle overall Soviet trade in grain, perishable foods, oil, coal, fertilizer, and timber, has 15 berths (three of which have maximum depths of 18.5 meters) and is ice-free throughout the year.[114] In 1995 total cargo throughput at the port was 6.63 million metric tons (MMT), and passenger volume was 441,000.[115]

Tallinn City Port, which covers a 57-hectare area in the center of Tallinn, and has 23 berths with a maximum depth of 10.7 meters, also handles a considerable quantity of containerized and general cargo—total cargo throughput in 1995 was 4.32 MMT—but much of the port's activity is focused on passenger traffic from ferry boats and cruise vessels rather than cargo traffic. (In 1995, passenger traffic at Tallinn City Port totaled 3.54 million.) Kopli Port, also located in the city of Tallinn, is a smaller facility (only 9 berths), which specializes in the movement of bulk cargo, such as coal, timber, and oil.

Container Handling Capacity and Alongside Power Availability

The reefer terminal at the port of Muuga is designed to handle fruits and vegetables, meat, dairy and other perishable products. The terminal's berths are capable of simultaneously handling two reefer vessels with displacement tonnage up to 15,000 MT, a draft of 10.2 meters (33 feet), and a breadth up to 25 meters (82 feet).[116]

Muuga is reported to be well furnished with modern lifting equipment; according to the Estonian Investment Agency, the port is equipped with several cranes with weight tolerances of 28 to 30 MT, more than sufficient to handle

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[113] Annual Report 1995, Port of Tallinn, Tallinn, Estonia, p. 19 and "Baltic Port Development," Cargo Systems, August 1995, p. 86.
[114] Ibid.
[115] Annual Report 1995, Port of Tallinn, Tallinn, Estonia, p. 19.
[116] Based on correspondence obtained from Estonian Investment Agency, Tallinn, Estonia, December 1996.

Table 31. Routing Preferences in the U.S.-Estonia Poultry Trade, by Carrier and Vessel Type, January-December 1996

(volume in pounds, shipping route in percent)

Shipping Route	Hapag-Lloyd Liner Service Vessel	P&O Nedlloyd Liner Service Vessel	Sea-Land Service Liner Service Vessel	Maersk Liner Service Vessel	Chartered Vessel, 1 or 2 Commodities in Cargo Hold	All Carriers and Vessel Types
Direct service U.S./Tallinn (Estonian port)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	107,576,949 (100.00%)	107,576,949 (92.24%)
Transshipment, U.S./Bremerhaven/ Tallinn	2,479,479 (53.69%)	3,805,399 (100.00%)	104,046 (22.13%)	155,981 (100.00%)	0 (0.00%)	6,544,905 (5.61%)
Transshipment, U.S./Bremerhaven/ unspecified locations in Estonia	1,115,271 (24.15%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	1,115,271 (0.96%)
Transshipments U.S. Bremerhaven/ Tartu (interior city in Estonia)	100,532 (2.18%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	100,532 (0.09%)
Transshipment U.S./Rotterdam/ Tallinn	254,623 (5.52%)	0 (0.00%)	366,198 (77.87%)	0 (0.00%)	0 (0.00%)	620,821 (0.53%)
Tranship ment U.S./Antwerp/ Tallinn	462,310 (10.01%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	462,310 (0.40%)
Transshipment, other routes	206,250 (4.47%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	206,250 (0.18%)
Total cargo volume handied by carrier/ vessel type	**4,618,465**	**3,805,399**	**470,244**	**155,981**	**107,576,949**	**116,627,038**

Source: PIERS data, Journal of Commerce, March 1997. Note that Nedlloyd and P&O officially began operations as a single company, P&O Nedlloyd, starting January 1, 1997.

most refrigerated containers.[117] The port's ability to handle refrigerated containerized cargo, however, is restricted by the fact that there is a limited number of reefer plugs currently installed at the Muuga port. As of late 1996, it was reported that no more than 20 to 26 reefer plugs could be used simultaneously at the container terminal.[118] Nevertheless, the port's capacity to handle refrigerated containerized cargo may improve substantially following the construction of an additional container terminal on the site of the present ferry dock, a project which was scheduled to begin before the end of 1997.[119] After the first phase of construction is completed, the new terminal is expected to increase Muuga's capacity to handle containerized cargo by 50,000 containers annually. Eventually, the new terminal may boost the port's capacity to handle containerized cargo by up to 150,000 containers per year when completed.[120]

Storage For Refrigerated and Containerized Cargo

The port of Muuga has two refrigerated warehouses, temperature-controlled within the range of 7 degrees to 32 degrees Fahrenheit. Their combined storage capacity at any one time is a maximum of 5,000 MT, which includes six refrigerated chambers with a total storage capacity of 3,000 MT and a temperature range between 0 and +18 degrees Celsius (32 to 64 degrees Fahrenheit), and three refrigerated chambers with a total storage capacity of 2,000 MT, and a temperature range between 0 and -18 degrees Celsius (32 to 0 degrees Fahrenheit).[121] With 1 week's notice, it is generally no problem to reserve cold-storage space. Inside each warehouse there is a railway ramp which allows the simultaneous discharge or loading of up to 10 refrigerated railcars as well as ramps for discharging and loading trucks.[122] In Kopli port, the reefer shed is registered as a bonded customs warehouse, with an annual turnover capacity (goods in transit) of 350,000 MT.[123] Fees charged for storing merchandise in the refrigerated warehouse facilities at the two ports are shown in table 32.

Transportation Links From Estonian Ports

Maritime Feeder Services

The two container traffic ports of Estonia, Muuga and Kopli, have weekly service from the deep- water ports of Western Europe, including Felixstowe (U.K.), Rotterdam (Netherlands), Antwerp (Belgium), Aarhus (Denmark), Hamburg (Germany), and Bremerhaven (Germany). The transit time from the major European ports to the Baltic ports of Estonia is 5-7 days and the feeder service cost is approximately $500 per 40-foot container and $380 per 20-foot container.[124]

Trucking

The port of Muuga is reported to have good entrance and exit highways for container truck traffic, unlike the congested routes to and from Tallinn City Port. Truck shipments are generally arranged either through the ocean freight forwarder or with the trucking company directly, and the Estonian Investment Agency reports that more than 20 trucking companies offer transport services from Estonian

[117] Ibid.
[118] Ibid.
[119] "Joined port to go private," Industry Spotlight on Transport, The Baltic Times, January 1997.
[120] Ibid.
[121] Based on correspondence obtained from Estonian Investment Agency, Tallinn, Estonia, December 1996.
[122] Ibid.
[123] Based on correspondence obtained from Estonian Maritime Agency, Ltd. (ESTMA), Tallinn, Estonia, September 1996.
[124] Based on correspondence obtained from Estonian Investment Agency, Tallinn, Estonia, December 1996.

Table 32. Daily Rates for Refrigerated Cargo Storage at Estonian Ports

Port	Daily Rate, 1-14 Days	Daily Rate, 15-30 Days	Daily Rate, Over 30 Days
Port of Muuga	0.37 DM per MT per day (around $0.25)	0.74 DM per MT per day (around $0.49)	0.74 DM per MT per day (around $0.49)
Port of Kopli	0.43 DM per MT per day (around $0.29)	0.43 DM per MT per day (around $0.29)	1.29 DM per MT per day (around $0.86)

Source: ESTMA, September 1996. The Deutsche Mark/U.S. dollar exchange rate used above is based on the period average for September 1996 (1.5058 DM = 1 U.S. dollar), published in International Financial Statistics, International Monetary Fund, November 1996, p. 283.

ports. The service quality and reliability of larger trucking firms are believed to be superior to that of most smaller trucking firms, although, in some cases, the smaller trucking companies offer more competitive freight rates. Trucking arrangements usually need to be made at least 7 days prior to shipment, and in the cases of larger volume shipments, a lead time of 2-4 weeks might be needed. The availability of trucks fluctuates seasonally, with demand peaking in the winter and declining in the summer.[125] The loading of cargo onto a refrigerated truck at the port usually takes 1-3 hours, depending on how the cargo is configured (e.g., whether or not it is palletized).[126] The Estonian Investment Agency reports that the transit time between Tallinn and Kiev fluctuates between 3-6 days, depending on the situation at the border crossing.

According to the Estonian Investment Agency, trucking rates for shipments of refrigerated cargo from Estonia to Ukraine are estimated to be DM 2.00-2.50 per kilometer (around $1.33-$1.66 per kilometer).[127] Road weight limitations in Estonia are reported to be the same as in most Western European countries, 40 MT of total weight (truck and cargo), and this limit also applies to the primary truck routes used to transport cargo to Ukraine.

Ongoing improvements in infrastructure may well enhance the potential efficiency of road transport from Tallinn/Muuga to neighboring states over the next few years. The Via Baltica project—a planned 1,000-kilometer highway stretching from Helsinki to Warsaw, which will link Tallinn, Estonia, Riga, Latvia and Kaunas, Lithuania—is expected to be completed by the year 2000. The new highway project, which is receiving more than $200 million in financial support from international financial institutions and governmental entities in Poland, the Baltic States, and Scandinavia, is expected to upgrade existing road conditions and provide better road connections for the newly emerging "north/south" trade corridor. (Road connections between Baltic countries had generally been neglected during the Soviet period, when infrastructure projects tended to focus on improving transportation between various cities in the Baltic republics and Moscow.) The effectiveness of this project in terms of encouraging regional trade, however, will largely depend on the cooperation of governments in the Baltic States and the NIS in establishing more efficient customs procedures at border crossings. At present, for example, daily traffic at the Estonian/Latvian border (and at the Latvian/Lithuanian border) is estimated to total only 1,000 vehicles per day, which has been attributed to "the extreme variability of waiting times" (at border crossings) and the "unpredictability of total traveling time.[128]"

Rail

Rail shipments of U.S. poultry products from the port of Muuga are possible by using refrigerated sections of secured block trains. Each section of a block train consists of a minimum of four loaded railcars (carrying 160-192 MT of frozen poultry products) and a fifth refrigerated unit located between the railcars.[129] Clearly, this option is only practical for those firms with a need to move the equivalent of seven to eight 40-foot container loads of poultry to a single market destination. ESTMA reports that reefer containers cannot be plugged in during rail transit. Frozen cargo moving by rail is generally loaded into refrigerated railcar sections, which have to be inspected by a veterinary inspector prior to loading.

In contrast to rail cargo originating from Poland, there is no need to adjust the width of railcar axles, since the width of rail tracks in Estonia is compatible with the standard width used in Russia, Ukraine, and the rest of the NIS. Rail service is usually arranged on request, and the costs of such services are subject to discussions with the Estonian Railway company. (The address, phone number, and facsimile number of the Estonian Railway is located in appendix 1.) Rail service between the port of Muuga and destinations in Ukraine is generally reported to take a few days longer than truck transportation.

Transshipments Through Latvian Ports

Preferred U.S. Ports of Origin

In the case of breakbulk poultry shipments to Latvia, there is no single U.S. port which stands out as playing an especially important role in handling Latvian-bound poultry cargo. Table 33 illustrates, the importance of individual U.S. ports in handling U.S.-Latvian breakbulk poultry traffic has fluctuated greatly over the past couple of years. The port of Pascagoula, MS, which was responsible for handling nearly three-quarters of total Latvian-bound poultry cargo from the United States in 1995 (all of it breakbulk cargo shipped on chartered vessels), handled no such cargo in 1996. In contrast, the port of Morehead City, NC, which handled no

[125] Ibid.
[126] Ibid.
[127] Correspondence from Estonian Investment Agency, Tallinn, Estonia, December 1996. U.S. dollar/Deutsche Mark exchange rate (1 U.S. dollar = DM 1.5058) based on the period average for September 1996, published in International Financial Statistics, International Monetary Fund, November 1996, p. 283.

[128] "Via Baltica upgrading continues in spring," Industry Spotlight on Transport Supplement, The Baltic Times, January 1997.
[129] Correspondence from Estonian Maritime Agency Ltd., Tallinn, Estonia, September 1996.

Latvian-bound poultry cargo in 1995, handled 39 percent of all such cargo in 1996 (also consisting entirely of breakbulk cargo shipped on chartered vessels).

While no U.S. port stands out in terms of its share of the Latvian breakbulk poultry cargo market, U.S. exporters shipping poultry products to Latvia by breakbulk chartered vessel still appear to prefer Gulf Coast ports over East Coast ports as an origination point for their poultry, similar to the situation for Ukrainian-bound poultry cargo. In 1996, approximately 57 percent of all breakbulk poultry cargo headed for Latvia—and just under 56 percent of all poultry cargo headed for Latvia—was shipped out of ports on the Gulf Coast. The dominance of Gulf Coast ports in the U.S.-Latvian breakbulk poultry trade has diminished considerably since 1995, when more than 90 percent of all poultry cargo headed for Latvia departed from ports on the Gulf Coast (table 33).

In comparison to the breakbulk market, the role of individual U.S. ports in the containerized cargo market for Latvian-bound poultry traffic has been somewhat more stable over the past couple of years. The three East Coast ports which dominated U.S.-Latvian containerized poultry traffic in 1995—Norfolk, VA, Charleston, SC and Baltimore, MD—continued to dominate the market in 1996, and retained nearly the same collective share of the containerized poultry cargo market in both years, 80 and 83 percent, respectively. However, the severe constriction of the containerized cargo market—a 51 percent decline in the volume of Latvian-bound containerized poultry cargo handled by U.S. ports during 1996—appears to have had a dramatic impact on the volumes of cargo handled by each port. The volume of containerized poultry cargo leaving Charleston, SC for Latvia shrank 66 percent, from 4.7 million pounds in 1995 |to 1.6 million pounds in 1996 (compared to an overall 51-percent decline in containerized poultry cargo volumes), with the result that Charleston lost its rank as the number-one origin for Latvian-bound containerized poultry cargo to the port of Norfolk. The port of Baltimore experienced an even more severe cutback in containerized poultry cargo shipments to Latvia, with 1996 shipment volumes of 604,834 pounds dropping 75 percent from 1995 volumes of 2.4 million pounds. Consequently, the relative importance of the port of Norfolk as a departure point for Latvian-bound containerized poultry grew as its share rose from 22 percent of the market in 1995 to 47 percent in 1996.

As in the case of ocean shipments of poultry to Poland, Ukraine, and Estonia, those U.S. ports which handle Latvian-bound poultry cargo generally specialize in either breakbulk or containerized shipping services. Only the ports of Charleston and, to a lesser extent, Houston, appears to have handled a significant volume of both breakbulk and containerized poultry cargo simultaneously during the 1995–1996 period. All of the breakbulk poultry cargo shipped from U.S. ports to Latvia in 1995 and 1996 was shipped in chartered vessels, while all of the containerized cargo was shipped in vessels operated as part of a regular liner service.

Chartered Vessels Versus Liner Service Vessels

The use of chartered vessels—where one or several charter parties reserves the entire cargo space of a vessel to carry goods between specific ports of loading and discharge—is overwhelmingly the most popular method by which U.S. poultry products are transported to Latvia, and as in the case of shipments to Ukraine, the popularity of chartering appears to have increased in recent years (table 33). In 1996, 98 percent of the poultry products leaving U.S. ports for Latvia were transported on chartered vessels, all of which carried only one or two commodities as their entire cargo; this compares to a 1995 chartered-vessel market share of 93.1 percent.

According to PIERS data, approximately 96 percent of the Latvian-bound poultry cargo shipped breakbulk from the United States in chartered vessels in 1996 was commissioned by one of two firms, Perdue Farms of Salisbury, MD, and American Poultry International, an export brokerage firm based in Jackson, MS, which reportedly conducts export business on behalf of a number of U.S. poultry processors. Both firms were recorded as shipping virtually the same quantity of poultry to Latvia on chartered breakbulk vessels, 142 and 143 million pounds of product, respectively. The average volume of poultry contracted to be transported breakbulk on individual chartered vessels to Latvia in 1996 exceeded 2 million pounds (equivalent to around thirty-eight 40-foot container loads of poultry), compared to an average volume of 67,312 pounds— equivalent to slightly more than one container load of poultry—for containerized poultry cargo contracted to be shipped on individual liner service vessels. Hence, as in the case of U.S. poultry shipments to other destinations on the Baltic and Black Seas, chartered breakbulk vessels appear to be utilized only by very large-scale exporters.

Table 33. Ocean Shipments of Poultry from the U.S. to Latvia, by Vessel Type

(volume in pounds, port market share in percent)

Port of Origin	Total Shipments, Jan-Dec 1996	Shipments by Liner Service, Jan-Dec 1996	Shipments by Charter Vessels, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Shipments by Liner Service, Jan-Dec 1995	Shipments by Charter Vessels, Jan-Dec 1995
Gulfport (MS)	153,258,757 (50.28%)	0	153,258,757	33,465,876 (18.80%)	0	33,465,876
Morehead City (NC)	117,491,956 (38.55%)	0	117,491,956	0 (0.00%)	0	0
Houston (TX)	17,040,964 (5.59%)	208,000	16,832,964	0 (0.00%)	0	0
Charleston (SC)	12,762,284 (4.19%)	1,605,606	11,156,678	4,711,188 (2.65%)	4,711,188	0
Norfolk (VA)	2,844,262 (0.93%)	2,844,262	0	2,764,246 (1.55%)	2,764,246	0
Baltimore (MD)	604,834 (0.20%)	604,834	0	2,431,986 (1.37%)	2,431,986	0
Jacksonville (FL)	380,013 (0.13%)	380,013	0	477,600 (0.27%)	477,600	0
Portsmouth (VA)	207,433 (0.07%)	207,433	0	563,328 (0.32%)	563,328	0
New York (NY)	106,134 (0.03%)	106,134	0	480,655 (0.27%)	480,655	0
Long Beach (CA)	101,840 (0.03%)	101,840	0	0	0	0
New Orleans (LA)	0	0	0	312,030 (0.18%)	312,030	0
Pascagoula (MS)	0	0	0	132,141,290 (74.25%)	0	132,141,290
Savannah (GA)	0	0	0	624,105 (0.35%)	624,105	0
All U.S. East Coast Ports	134,396,916 (44.09%)	5,748,282	128,648,634	12,053,108 (6.77%)	12,053,108	0
All U.S. Gulf Coast Ports	170,299,721 (55.87%)	208,000	170,091,721	165,919,196 (93.23%)	312,030	165,607,166
Other U.S. Ports	101,840 (0.03%)	101,840	0	0 (0.00%)	0	0
Total	**304,798,477 (100.00%)**	**6,058,122**	**298,740,355**	**177,972,304 (100.00%)**	**12,365,138**	**165,607,166**

Source: PIERS data, Journal of Commerce.

Containerized and Breakbulk Cargo Preferences

Among all of the ports of entry covered in this study, Latvian ports have experienced the greatest increase in poultry cargo traffic in recent months, as well as the sharpest reduction in containerized poultry cargo volumes, based on PIERS shipment data from U.S. ports of origin. The volume of poultry cargo traffic leaving U.S. ports for Latvia grew a healthy 71 percent between 1995 and 1996, from 178 million to 305 million pounds. Nevertheless, during the same time period, the volume of U.S. poultry cargo sent to Latvia in refrigerated containers dropped by more than 50 percent, from 12.37 to 6.06 million pounds, representing less than 2 percent of total U.S. poultry shipments to Latvia over the course of the year. The growing preponderance of breakbulk poultry cargo traffic in Latvian ports may in part reflect the logistical constraints that Latvian ports are currently facing in their attempt to handle historically large quantities of containerized cargo. Throughput of containerized cargo moving through the Riga Commercial Port—which operates the only specialized container-handling terminal in Latvia, and currently handles around 90 percent of Latvia's total containerized cargo—more than tripled between 1992 and 1995 from 26,440 to 107,576 TEUs, prompting the Riga Port Authority to investigate the possibility of constructing a second container terminal alongside the existing facility.[130]

Despite the apparent growing congestion at Latvian container terminals, Latvian ports are enjoying a huge increase in breakbulk poultry traffic from large-scale exporters, reportedly inspired by the port of Riga's competitive freight-handling charges. The American Embassy in Riga reports that Latvia has emerged as the primary transshipment point in the Baltic States for poultry headed to Russia, precisely because it offers lower freight handling and transportation costs for transshipped products. For example, according to information published in "A Food Exporter's Guide to the St. Petersburg Region," prepared for the USDA Foreign Agricultural Service in February 1997, service providers at the port of Riga have been known to charge as little as one-fifth of the amount that service providers at the ports of Tallinn, Estonia and Helsinki, Finland, charge to move frozen merchandise in and out of warehouse space. Mid-1995 charges at the port of Riga for moving frozen merchandise in and out of rental warehouses was reported to average around $3.78 per MT, compared to $26.50 per MT in Tallinn, and $20.00 per MT in Helsinki.[131]

[130] "Business with Latvia," Latvian Development Agency, December 1996 and "Baltic Port Development," Cargo Systems, August 1995.
[131] "A Food Exporter's Guide to the St. Petersburg Region," The Produce Studies Group, Newbury England, February 1997, p. 133.

Shipping Route Preferences

The port of Riga currently appears to be the exclusive port of entry in Latvia for both breakbulk and containerized U.S. poultry cargo. Fully 100 percent of the poultry cargo transported breakbulk on chartered vessels during 1996 was shipped directly from the U.S. port of origin to the port of Riga, without using an intermediate transshipment point. In contrast, all of the containerized poultry cargo shipped to Latvia from the United States in 1996 was transported to the port of Riga via intermediate transshipment points, primarily the northern European deep-water ports of Rotterdam, Netherlands, and Bremerhaven, Germany (table 35).

In terms of containerized cargo, there appears to be little competition among service providers. Two shipping lines—Maersk, Inc. and Sea-Land Service, Inc.—currently dominate containerized poultry cargo traffic between the United States and Latvia. In 1996, for example, Maersk held an 80-percent share of the U.S. containerized poultry cargo market to Latvia, while Sea-Land held an additional 18-percent share of the market.

Latvian Port Operations and Capacity

General Overview

The port of Riga, the major port of Latvia, is situated on both banks of the Daugava river about 15 kilometers from the sea, and comprises two separate port facilities, the Riga Commercial Port (RCP), which occupies about 2,500 hectares (6,178 acres) on the right bank of the river, and the Volteri Port, a much smaller port (with only two berths of 4.5 meters depth and four 16-MT cranes), which share, facilities with the Latvian navy base. Riga enjoys a particularly favorable geographical position for handling transit cargo, as it is located in the center of the north-south transportation corridor in the Baltic region.

For centuries, the port of Riga has been a strategically important commercial cargo port; it was formerly one of the principal trading ports of Czarist Russia and the Soviet empire. Even today, 85 percent of the cargo handled at the port is reportedly shipped to and from the countries of the NIS.[132] The economic chaos of the early 1990's, caused by the collapse of the Soviet Union, hit the port of Riga particularly hard; total throughput volumes at the Riga Commercial Port facility fell from 5.5 MMT in 1991 to 3.8 MMT in 1994.[133] Since 1994, however, Riga has experienced

[132] "Riga Port," Business with Latvia 6/96, Latvian Development Agency, June 1996, p. 6.
[133] Ibid.

Table 34. U.S. Poultry Shipments to Latvia, 1995-1996: Containerized Versus Breakbulk Cargo, by U.S. Port

(volume in pounds, cargo type in percent)

Port of Origin	Total Shipments, Jan-Dec 1996	Container Shipments, Jan-Dec 1996	Breakbulk Shipments, Jan-Dec 1996	Total Shipments, Jan-Dec 1995	Container Shipments, Jan-Dec 1995	Breakbulk Shipments, Jan-Dec 1995
Gulfport (MS)	153,258,757	0 (0.00%)	153,258,757 (100.00%)	33,465,876	0 (0.00%)	33,465,876 (100.00%)
Morehead City (NC)	117,491,956	0 (0.00%)	117,491,956 (100.00%)	0	0	0
Houston (TX)	17,040,964	208,000 (1.22%)	16,832,964 (98.78%)	0	0	0
Charleston (SC)	12,762,284	1,605,606 (12.58%)	11,156,678 (87.42%)	4,711,188	4,711,188 (100.00%)	0 (0.00%)
Norfolk (VA)	2,844,262	2,844,262 (100.00%)	0 (0.00%)	2,764,246	2,764,246 (100.00%)	0 (0.00%)
Baltimore (MD)	604,834	604,834 (100.00%)	0 (0.00%)	2,431,986	2,431,986 (100.00%)	0 (0.00%)
Jacksonville (FL)	380,013	380,013 (100.00%)	0 (0.00%)	477,600	477,600 (100.00%)	0 (0.00%)
Portsmouth (VA)	207,433	207,433 (100.00%)	0 (0.00%)	563,328	563,328 (100.00%)	0 (0.00%)
New York (NY)	106,134	106,314 (100.00%)	0 (0.00%)	480,655	480,655 (100.00%)	0 (0.00%)
Long Beach (CA)	101,840	101,840 (100.00%)	0 (0.00%)	0	0	0
New Orleans (LA)	0	0	0	312,030	312,030 (100.00%)	0 (0.00%)
Pascagoula (MS)	0	0	0	132,141,290	0 (0.00%)	132,141,290 (100.00%)
Savannah (GA)	0	0	0	624,105	624,105 (100.00%)	0 (0.00%)
All U.S. East Coast Ports	134,396,916	5,748,282 (4.28%)	128,648,634 (95.72%)	12,053,108	12,053,108 (100.00%)	0 (0.00%)
All U.S. Gulf Coast Ports	170,299,721	208,000 (0.12%)	170,091,721 (99.88%)	165,919,196	312,030 (0.19%)	165,607,166 (99.81%)
Other U.S. Ports	101,840	101,840 (100.00%)	0 (0.00%)	0	0	0
Total	**304,798,477**	**6,058,122 (1.99%)**	**298,740,355 (98.01%)**	**177,972,304**	**12,365,138 (6.95%)**	**165,607,166 (93.05%)**

Source: PIERS data, Journal of Commerce.

Table 35. Routing Preferences in the U.S.-Latvia Poultry Trade by Carrier and Vessel Type, January-December 1996

(volume in pounds, shipping route share in percent)

Shipping Route	Maersk Liner Service Vessel	Sea-Land Service Liner Service Vessel	Hapag-Lloyd Liner Service Vessel	P&O Nedlloyd Liner Service Vessel	Chartered Vessel, 1 or 2 Commodities in Cargo Hold	All Carriers and Vessels
U.S.-Riga Direct Service	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	298,740,355 (100.00%)	298,740,355 (98.01%)
Rotterdam/ Riga	4,455,512 (91.60%)	1,095,801 (100.00%)	0 (0.00%)	46,020 (100.00%)	0 (0.00%)	5,597,333 (1.84%)
Bremerhaven/ Riga	302,525 (6.22%)	0 (0.00%)	52,130 (100.00%)	0 (0.00%)	0 (0.00%)	354,655 (0.12%)
Algeciras/ Riga	106,134 (2.18%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	106,134 (0.03%)
Total	**4,864,171**	**1,045,801**	**52,130**	**46,020**	**298,740,355**	**304,798,477**

Source: PIERS data, Journal of Commerce. Note that Nedlloyd and P&O Containers, Ltd., announced their intention to merge operations in the fall of 1996 and officially began operations as a single company, P&O Nedlloyd, starting January 1, 1997.

steady increases in the volume of cargo it handles annually, and the increase appears to have been particularly dramatic when it comes to the movement of containerized cargo. Total turnover of cargo at the port of Riga grew from 4.7 MMT in calendar year 1993 to 5.9 MMT in 1994, 7.4 MMT in 1995, and an estimated 8.0 MMT in 1996, representing an average annual increase in cargo volume of 19.7 percent, and a 70.2 percent increase in volume over the 3-year period.[134] Meanwhile, the number of containers handled by the port of Riga, measured by TEUs, has grown at an even more rapid clip than most cargo, rising from 26,440 in 1992 to 119,612 in 1995, representing an overall volume increase of 352 percent over the 3-year period.[135] Cumulative figures from the first half of 1996—72,209 TEUs between January through June—suggest that the aggressive growth in containerized cargo movements handled by the port of Riga continued at least through the early months of 1996.

It is believed that the port of Riga could handle even a greater tonnage of containerized cargo if a second container terminal is developed along the existing one on Kundzinsala Island, as is tentatively planned. A Dutch consulting firm has reportedly already prepared a feasibility study for the development of such a terminal, which calls for the expansion of the existing container terminal berth by 233 meters, the extension of road and rail access to the new berth, and the construction a new container yard.[136] With such new facilities in place, the Riga Port Authority management estimates that the volume of containerized cargo handled at the port of Riga would increase by 450,000 MT per year.[137] However, it is unlikely that the proposed expansion of container terminal facilities at Riga will take place without substantial commitments of financial support by foreign investors.[138]

One of the apparent repercussions of the dramatic increase in cargo volumes handled at the port of Riga during the last few years is serious traffic congestion. The Riga Commercial

[134] Ibid.
[135] 1992 containerized volume figures from "Baltic Port Development," Cargo Systems, August 1995, p. 86; other containerized volume figures from "Ports and Terminals: Europe," 1997 Containerization International Yearbook, p. 45.

[136] "Baltic Port Development," Cargo Systems, August 1995, p. 86.
[137] "Riga Port," Business with Latvia 6/96, Latvian Development Agency, June 1996, p. 6.
[138] "Baltic Port Development," Cargo Systems, August 1995, p. 86.

Port is said to have only one major entrance (and exit) gate, causing a container to take up to a day to be moved out of the terminal, compared to 1 1/2 hours or so in a major transshipment port like Rotterdam or Hong Kong.[139] Further interfering with the efficient movement of cargo is the fact that the port of Riga has reportedly been slow to computerize its operations, and some of the procedures for processing inbound and outbound cargo are still being done manually.[140] However, the Riga Commercial Port has made a serious effort to upgrade its technology in recent months, which should help the port cope more effectively with surging throughput. A new "Container Terminal Information System," supplied by Hamburg Port Consulting, was reportedly introduced to the Riga Commercial Port during the summer of 1996, which will eventually enable port officials to keep instantaneous computer records of cargo receipt and delivery, ship to shore operations, yard and stock control, and invoices.[141]

Container Handling Capacity and Alongside Power Availability

The Riga Commercial Port has the following equipment: 10 container cranes with lifting capacities of up to 30.5 MT apiece, 2 floating cranes with a lifting capacity of 35 to 100 MT, and 41 portal cranes with a lifting capacity of 5 to 40 MT. [142] Given the amount of equipment installed at the port, the container terminal is said to be capable of offloading three feeder vessels simultaneously.[143] Unlike the container terminal at Muuga or Gdynia, the Riga Commercial Port does not yet offer electrical power for refrigerated containers, so that the containers moving through Riga must either have a self-contained source of refrigeration or must be transloaded quickly onto vehicles with refrigeration equipment.

Storage for Refrigerated Cargo

Cold storage availability at and around the port of Riga is said to be fairly tight. Individual vaults of 500 square meters (4,650 square feet) are reportedly available at the port for short-term storage of refrigerated transit cargo, but demand for refrigerated storage space at the port is said to be keen, as frozen-fish distributors compete for storage space with poultry distributors.[144] Additional warehouse storage space for frozen products outside of the port is said to be difficult to locate because local warehouses have been designed primarily to meet the needs of local retail and food service enterprises.[145] As of mid-1995, the fee for storing frozen merchandise at the port of Riga was reported to be around $12 per MT per month, while stevedoring charges to move merchandise in and out of cold storage was reported to cost around $3.78 per MT, considerably lower than stevedoring rates in Tallinn or Helsinki.[146]

Trucking From Latvian Ports

Table 36 lists the road distances between the port of Riga and major metropolitan areas in the former Soviet Union, which also include primary market outlets for U.S. poultry products in the region. Ongoing improvements in road infrastructure in Latvia, such as the construction of the Via Baltica highway (as discussed in an earlier section on ground transportation links from Estonian ports), can also be expected to enhance Riga's capability to operate as an efficient transhipment point for perishable products destined for countries in the NIS. Additional names and phone numbers of transportation companies and freight forwarders which offer services at the port of Riga are listed in appendix 7.

[139] "The Port of Riga," Riga In Your Pocket World Wide Web site (http://www.inyourpocket.com/riport.htm#gotobar), updated May 1997.
[140] Ibid.
[141] "Baltic Port Development," Cargo Systems, May 1996, p. 57.
[142] "State Shareholding Company (Riga Commercial Port) Is The Most Significant Link Between East and West In The Baltic," Business with Latvia 12/96, Latvian Development Agency, December 1996, p. 12.
[143] "A Food and Warehousing Overview in the Baltics and Saint Petersburg," USDA Foreign Agricultural Service, June 1995, p. 57.
[144] "A Food and Warehousing Overview in the Baltics and Saint Petersburg," USDA Foreign Agricultural Service, June 1995, pp. 66 and 67.
[145] Ibid.
[146] "A Food and Warehousing Overview in the Baltics and Saint Petersburg," USDA Foreign Agricultural Service, June 1995, p. 70.

Table 36. Road Distances Between the Port of Riga and Major Cities in Nearby Countries

Cities	Distance (miles)
Tallinn, Estonia	191
Kaliningrad, Russia	238
Minsk, Belarus	322
St. Petersburg, Russia	356
Moscow, Russia	623
Kiev, Ukraine	680
Kharkov, Ukraine	860
Odessa, Ukraine	986

Source: Information Technology Institute, Latvia, http://www.itl.rtu.lv/transp/ports.html, May 1997.

Chapter 4:
Veterinary Inspection, Quality Inspection and Customs Clearance Procedures for U.S. Poultry Products

Shipments to Poland for Domestic Market/Reexport After Further Processing

Import Tariffs

The preferential tariff rate for poultry meat which falls within the annual Polish import quota is currently 30 percent *ad valorem* (value of the goods), but not less than 0.3 ECU per kilogram, a amount which equalled just over 15 cents per pound at the end of June 1997, using the latest International Monetary Fund (IMF) ECU/U.S. dollar exchange rates.[147] Poland's 1997 poultry meat import quota from all origins totaled 31,314 MT, up from 28,900 MT in 1996. (The annual import quota is established at a level intended to equal to 8.5 percent of the previous year's total domestic poultry meat production, and may be modified during the course of a year.)

The only firms entitled to import poultry into Poland at the preferential tariff rate are those Polish firms awarded an import license (in Polish: *pozwolenie przywozu*) by the Polish Ministry of Foreign Economic Relations. Before a Polish company can receive such a license, it must have a preexisting contact with a foreign supplier. Some of the traders we spoke to in Poland suggested that the allocation of import permits among potential firms tended to be biased in favor of some of the larger, previously state-owned, import companies in Poland (such as Polcoop), who are reported to have the best government contacts.

Imports of poultry meat in Poland in excess of the annual import quota are technically allowed at the non-preferential tariff rate of 60 percent *ad valorem,* but no less than 0.6 ECU per kilogram (approximately 31 cents per pound as of June 1997, using end of period IMF exchange rates). However, the importers we spoke to in Poland indicated that they were not aware of any imports of poultry meat into Poland taking place at the non-preferential tariff rate, as the higher tariff would make the price prohibitively expensive in the domestic market.

Veterinary, Quality, and Customs Clearance Inspection Process

The veterinary inspection staff at the port of Gdynia—the primary discharge point for imported poultry from the United States—includes approximately 25 employees: 2 inspectors, 2 inspection assistants known as "sanitary controllers," 17 laboratory employees who perform bacteriological and chemical analyses, and some clerical employees. Veterinary inspection services are available 24 hours per day when the port of Gdynia is open, 11:00 p.m. Sunday through 11:00 p.m. Friday.

The port of Gdynia was the preferred discharge point for imported poultry cargo for most of the individuals our research team interviewed in Poland, in part because inspection services are available in Gdynia on an "on-call" basis (unlike other sites which require making arrangements in advance). However, representatives from two of the smaller trading firms stated a preference for discharging imported poultry cargo and undergoing inspection and customs clearance at "duty-free" customs warehouses in Warsaw. In both of these cases, the preference for Warsaw was based on the fact that these Warsaw-based importers believed it was easier to monitor their inventory and resolve any problems when the clearance of cargo took place near their offices. In addition, one of these importers stated that it was much cheaper for him to ship containers of frozen poultry by rail from the port of Bremerhaven in Germany direct to Warsaw (around $550 per container), than use a maritime feeder service to move containers from Bremerhaven to Gdynia, and then transport them overland to Warsaw.

Most of the regulations enforced by Polish veterinary inspectors are based on the "Food Products Law" passed in 1970. In the case of frozen poultry which is being imported into Poland for local consumption or for further processing in Poland, the standard inspection practice is to confirm that the product was shipped at the temperature indicated on export documents (typically 0 degrees Fahrenheit) and remove random samples from several cartons in the shipment lot (which typically consists of seven or eight cartons for a full 40-foot container.) Table 37 outlines the sampling techniques for imported products recommended in the Polish standard for "Poultry Meat in Carcass Parts."

These samples are thawed over a period of approximately 24 hours, so that the meat can be observed "in natural conditions."[148] According to the official Polish standard for "Poultry Meat In Carcass Parts," it is recommended that such thawing take place in water which is heated to about 30 degrees Centigrade (86 degrees Fahrenheit), or in the open air at room temperature. The thawing process is judged complete when the internal muscle temperature of the meat reaches 2 to 4 degrees Centigrade (36 to 39 degrees Fahrenheit).[149]

[147] ECU/U.S. dollar exchange rate (1 ECU=1.1300 US dollars) for the end of June 1997 obtained from International Financial Statistics, International Monetary Fund, August 1997, p. 717.

[148] Quote from personal interview with chief veterinary inspector at the port of Gdynia, June 1996.

[149] "Poultry Meat in Carcass Parts," Polish Committee for Standardization, October 1994.

Table 37. Recommended Ratio of Random Inspection Samples to Shipment Lot Volumes, in Poland

Number of Transported Packages in One Shipment Lot	Number of Transported Packages Recommended to be Selected at Random for Testing
Up to 15	2
10–25	3
26–63	5
64–160	8
161–250	10
251–400	15

Source: "Poultry Meat in Carcass Parts", Polish Committee of Standardization, October 1994.

Once the poultry samples have thawed, inspections are conducted to determine whether the imported product is fit for domestic consumption. These inspections focus on evaluating:

- the external and internal color of the poultry;
- the physical structure and texture of the poultry;
- whether or not the poultry smells fresh or spoiled; and
- whether the product contains any metal residue.

A more detailed description of inspection requirements for imported poultry meat in Poland is provided in Chapter 2: Imported Product Quality Requirements and Preferences.

Quality inspectors conduct their inspections of imported meat simultaneously with the veterinary inspectors, and charge about 4 zloty per MT for their inspection services. At the time of our interviews in June 1996, 4 zloty per MT would have equalled approximately $35 per container, assuming a standard frozen poultry container load of 52,000 pounds.[150] Unlike veterinary inspectors, whose primary role is to verify the wholesomeness of the meat, the primary responsibility of the quality inspectors is to assess meat quality. When asked about the variety of grades that they apply to imported poultry, quality inspectors indicated that they divide imported poultry into two classes, grade one and grade two. To qualify for the superior "grade one" classification, a chicken carcass has to be "well-muscled" and "well-plucked."

Imported products which pass these initial veterinary and quality inspection tests are typically cleared through Polish customs and released to the receiver within a 72-hour period, at a reported cost of between 300 and 400 zloty per 40-foot container (approximately $110 to $150 at June 1996 exchange rates). However, if the veterinary inspectors note any problems with the poultry in its thawed state, they will conduct more tests (sometimes by cooking the meat) for an additional fee, and determine whether or not the poultry will be allowed to be sold in Poland without restriction, allowed to be used for processing only, or rejected for local consumption altogether. Decisions of the veterinary inspection department can only be appealed by contacting the Department of Veterinary Affairs at the Polish Ministry of Agriculture.

While the veterinary and quality inspection process typically takes no more than 3 days, the total time between the arrival of frozen poultry into a Polish port and its eventual release by Polish customs officials to the domestic market is generally longer, based on the paperwork requirements that must precede the actual inspection process. According to local importers, the veterinary and quality inspection offices review and file all of the required export documents which are supposed accompany each shipment—such as the commercial invoice, bill of lading, shipper's export declaration, veterinary export certificate of wholesomeness from the country of origin, and certificate of origin—before embarking on the actual inspection process. By the time that the importer receives notification that his or her cargo has arrived in Poland, obtains the necessary bank documents, and sends all of the documents (e.g., via express mail) to the veterinary inspection office, 1 day has usually elapsed. It usually takes at least another day for the veterinary and

[150] The U.S. dollar/Polish zloty exchange rate used (1 U.S. dollar = 2.7145 zloty) is based on the IMF average for June 1996, published in International Financial Statistics, International Monetary Fund, August 1996, p. 487.

quality inspection offices to review and file all of the relevant export documents.

Thus, even if the entire export documentation review and inspection process takes place as quickly as possible, it is unlikely that imported poultry destined for the Polish market will be released by Polish customs officials fewer than five business days after arrival. The receipt, review, and filing of relevant documents normally require at least 2 days, the veterinary and quality inspection process normally requires at least 2 days (including 24 hours for thawing the meat samples), and the final clearance of the imported product by customs officials normally requires at least 1 day.

It should be noted that this timetable is based on working days, not calendar days. Not only is the port of Gdynia closed from Friday to Sunday evening, but normal port operations are often interrupted by poor weather. One of our interview subjects said that individuals are prohibited from loading or discharging cargo from vessels at the port of Gdynia an average of 2-4 days per month, because it is believed that strong winds or stormy weather will make the use of cranes dangerous.

Documentation Requirements

The following standard commodity export documents required for the entry of U.S. poultry products into the Polish market are:

- Maritime *bill of lading,* which is issued by the ocean common carrier or shipping line responsible for transporting the cargo, and contains a description of the quantity and condition of the cargo being transported, along with a description of the terms and conditions of the contract of carriage.
- *Commercial invoice,* which is generated by the exporter, and contains a complete description of the sales transaction involving the cargo being exported, including a description of the goods, the address of the shipper and the seller, and the relevant delivery and payment terms.
- *Certificate of origin,* which is issued by and notarized by the U.S. exporter's local Chamber of Commerce, and provides both proof of product origin and confirms that the exporting company is registered to do business in the country of origin.
- *Shipper's export declaration (SED),* which is required by the U.S. Census Bureau for nonmailed shipments of merchandise from the United States worth more than $2,500 in value, and is generated by either the shipper, exporter, or forwarding agent. The SED:
  - Lists the name, address and IRS registration number of the exporter;
  - Provides information about forwarding agents and/or consignees involved in the export transaction;
  - Indicates the scheduled date of exportation, the U.S. port of origin and mode of transport being used to export the goods;
  - Provides a description of the type, volume and U.S. dollar value of the goods being exported; and
  - Refers to the number of the bill of lading used for the export transaction.

In addition to presenting original copies of the above standard commodity export documents for inspection and customs clearance purposes, there are three additional documents specifically required for the release of imported poultry products into Polish customs territory:

- *Import license* (in Polish: *pozwolenie przywozu*), which, as indicated previously, is issued by the Polish Ministry of Foreign Economic Relations to individual Polish firms who have previously received an allocation of the yearly preferential tariff-rate import quota.
- *Veterinary permit* (in Polish: *zezwolenie weterynaryjne*), which is issued by the Polish Ministry of Agriculture and Food Economy to Polish firms that import poultry. It essentially seeks to confirm three items: that a particular shipment of imported poultry has been slaughtered and handled in sanitary conditions, that it has been examined before and after slaughter and found fit for human consumption, and that the poultry originates from a region that has not been exposed to contagious poultry diseases—in particular, fowl plague and fowl cholera—for at least 40 days.
- *Veterinary certificate* from the country of origin, which confirms the wholesomeness of the product being exported. In the case of U.S. exports, this requirement is satisfied by the use of USDA Form 9060-5, "Meat and Poultry Export Certificate of Wholesomeness," issued by the USDA Food Safety and Inspection Service (FSIS). Since July 1, 1996, the Polish Veterinary Service has required that imports be accompanied by a bilingual (Polish and English) version of this certificate.[151]

Although this is not an absolute requirement, the Polish meat-quality inspectors we interviewed recommended that exporters might want to provide some additional certification (outside of official USDA documents), which confirms that *the given shipment is in compliance with Polish standards and regulations.* The inspectors contended that it would

[151] "Poultry Annual Report," American Embassy, Warsaw, Poland, August 1996, p. 5.

Translation of Sample Polish Veterinary Permit (Zezwolenie weterynaryjne)

MINISTER OF AGRICULTURE
AND FOOD ECONOMY

Warsaw, May 10, 1996

VETERINARY PERMIT

No. WETwis.dr-4640imp-294/96

Pursuant to Art. 11 of the August 22, 1927 regulation [issued] by the President of the Republic of Poland concerning contagious animal disease control (Journal of Laws no. 77, item 673, as amended), and Article 104 of the KPA [Administrative Procedure Code] and having considered a request regarding importation from abroad of meat or unprocessed edible products of animal origin --

[...] for the importation from the USA of 600 tons of turkey hinds b/k [unknown abbreviation -- translator] through the following border crossings: GDYNIA, ŚWIECKO
The said article must be packaged in compliance with the requirements of Polish regulations and be labelled with the date of production and the plant identification number on the outside of the package. The article shall be stored in the Pszczyna meat processing plant at 5 Korczaka Street as well as the Toszek and Częstochowa cold storage facilities at 2 Wilkowska Street and 2/4 Gazowa Street, respectively,

under the following conditions:
1. The shipment shall be accompanied (individually for each transport vehicle) by an official medical and veterinary certificate, issued by a government or government-authorized veterinary physician and bearing one of the following form numbers: FIS.FORM-9060-5/5/85, FSIS.FORM-9060-5/9/92 or MP.FORM-130/2/85, stating that:

(a) poultry has been slaughtered in an abattoir which is under the permanent supervision of an official veterinary physician,
(b) poultry has been officially examined both before and after slaughter, and found fit for human consumption without any reservations,
(c) poultry meat and giblets do not contain any residues of pesticides, antibiotics, hormones or other foreign substances harmful to human health,
(d) handling of poultry during processing, storage, and transport has been in compliance with standards of hygiene,
(e) the area of poultry's origin has not been subject to veterinary restrictions imposed due to occurrence of contagious diseases, and in particular the fowl plague, pseudo-fowl plague, or fowl cholera, for at least 40 days.

Before meat/giblets are permitted for sale on the domestic market, they shall be tested in accordance with relevant regulations in force.
This permit is valid until December 31, 1996.
The permit may be subject to immediate cancellation if warranted by circumstances.

FSIS Form 9060-5
Meat and Poultry Export Certificate of Wholesomeness

U.S. DEPARTMENT OF AGRICULTURE
FOOD SAFETY AND INSPECTION SERVICE
MEAT AND POULTRY INSPECTION OPERATIONS

MEAT AND POULTRY EXPORT CERTIFICATE OF WHOLESOMENESS

A knowingly false entry or false alteration of any entry on this certificate may result in a fine of not more than $10,000 or imprisonment for not more than five years or both (18 USC 1001). Additional penalties exist under the Federal Meat Inspection Act (21 USC 611 (b) (1), (2), and (5), 21 USC 676) and the Poultry Products Inspection Act (21 USC 458 (c) (1), (2), and (5), 21 USC 461) for an unauthorized or false alteration or misuse of this certificate.

AREA OFFICE	COUNTRY OF DESTINATION	DATE ISSUED	MPC -

EXPORTED BY *(Applicant's name and address including ZIP Code)*

CONSIGNED TO *(Name and address, including ZIP Code)*

PRODUCT EXPORTED FROM:

EST. / PLANT NUMBER *(If applicable)*

CITY

☐ @ SLAUGHTERING PLANT
☐ @ PROCESSING PLANT
☐ @ WAREHOUSE
☐ @ DOCKSIDE

TOTAL MARKED NET WEIGHT	TOTAL CONTAINERS

PRODUCT AS LABELED	MARKED WEIGHT OF LOT 1/	NUMBER OF PACKAGES IN LOT 1/	SHIPPING MARKS 1/	EST. / PLANT NUMBER ON PRODUCT

1/ As stated by applicant or contractor

REMARKS

☐ I CERTIFY that the meat or meat food product specified hereon is from animals that received both antemortem and postmortem inspection and were found sound and healthy and that it has been inspected and passed as provided by law and regulations of the Department and is sound and wholesome.

☐ I CERTIFY that the poultry and poultry products specified above came from birds that were officially given an antemortem and postmortem inspection and passed in accordance with applicable laws and regulations of the United States Department of Agriculture and are wholesome and fit for human consumption.

NOT VALID UNLESS SIGNED BY AN INSPECTOR OF MEAT AND POULTRY INSPECTION PROGRAM

By order of the Secretary of Agriculture

INSPECTOR AND CIRCUIT NUMBER

This certificate is receivable in all courts of the United States as prima facie evidence of the truth of the statements therein contained.
This certificate does not excuse failure to comply with any of the regulatory laws enforced by the United States Department of Agriculture.

FSIS FORM 9060-5 (9 / 92) REPLACES FSIS FORM 9060-5 (5/85), WHICH MAY BE USED UNTIL EXHAUSTED.
REPLACES MP FORM 130 (2/85), WHICH IS OBSOLETE

speed up the clearance procedure a great deal if they could clear the shipment on the basis of such a certificate; although they are obliged to conduct some checks, they could generally limit themselves to spot checks if they had such a document in hand.

As foreign country import requirements change frequently, it may be useful to consult the FSIS Export Library of Foreign Country Requirements before undertaking any transaction. The Export Library of Foreign Country Requirements, which contains the latest available information about import requirements for Poland and other foreign countries, can be retrieved electronically via the FSIS Home Page at www.usda.gov/fsis/explib.htm.

Transshipments Through Poland (Without Further Processing)

Inspection Procedures

"Transit" goods—imported goods that are merely being transported over Polish territory to a foreign destination market, or are being stored temporarily in a duty-free customs warehouse within Polish territory before final delivery to a buyer in another country—are inspected quite differently by Polish inspectors than goods intended for domestic use. In the case of transit goods, Polish veterinary inspectors and customs inspectors are generally only looking to confirm three items before issuing a transit permit:

- Number of cartons in a container matches number of cartons listed on the original export certificate of wholesomeness (such as FSIS Form 9060-5, "Meat and Poultry Export Certificate of Wholesomeness");
- Product contents match the description appearing on carton labels; and
- Product contains no apparent infectious disease.

In terms of facilitating the approval of a transit permit for imported poultry intended to be distributed outside of Polish customs territory, local importers find that the most important considerations include the following:

- Providing a (verifiably) original copy of the export certificate of wholesomeness from the country of origin (such as FSIS Form 9060-5, "Meat and Poultry Export Certificate of Wholesomeness") for inspection by veterinary inspectors and customs officials.
- Checking to see that all of the information requested on the export certificate of wholesomeness is completely filled out. For example, one importer complained that he had occasionally experienced difficulties obtaining clearance for transit goods from Polish veterinary inspectors because the original export certificate of wholesomeness from the country of origin failed to state the intended "country of destination."
- Making sure that the declarations stated on the export certificate of wholesomeness are completely accurate. For example, the number of cartons and the weight of contents listed on the accompanying export certificate of wholesomeness must correspond exactly with the contents of the container under inspection, or the veterinary inspectors may refuse to issue a transit permit. In addition, if the export certificate of wholesomeness mentions that the product was kept at or below a certain temperature during shipment (typically 0 degrees Fahrenheit), veterinary inspectors may check the records to confirm that the temperature didn't exceed this level before approving the cargo.

The only other responsibility that the Polish veterinary inspection staff is said to assume in terms of inspecting transit goods involves supervising the loading of railcars or trucks meant to transport the cargo to its final (foreign) destination. To ensure that the loading of goods takes place under proper sanitary conditions, veterinary inspectors investigate whether the vehicle is clean and in proper working order (e.g., the refrigeration equipment in the vehicle is working sufficiently well to ensure that poultry products can be maintained in satisfactory condition).

Depending on which country will be the recipient of the imported poultry transshipped through Poland, it might also be advisable to have Polish veterinary inspectors complete a "veterinary statement" form (in Polish: *zaswiadczenie weterynaryjne*), which essentially verifies:

- The date that the imported poultry products initially arrived in Poland;
- Where and how long the imported poultry products were stored;
- The intended country of destination; and
- The company and mode of transport being used to ship the products to their final destination.

According to some of the Polish meat importers we interviewed who were involved in cross-border poultry trade, Russia and Belarus both require the presentation of this "veterinary statement" form before accepting poultry transshipped through Poland from another origin, although this was not cited as being a requirement for the entry of transshipped poultry from Poland into Ukraine. The American Embassy in Ukraine warns, however, that it is very important to make sure that the Polish veterinary authorities do not

Polish Version of Veterinary Statement

Zaświadczenie weterynaryjne

Nr. ..... / .....

Niniejszym zaświadcza się, że produkt:

nazwa: ..... ilość: .....

pochodzący z : .....
(kraj pochodzenia)

z towarzyszącym świadectwem weterynaryjnym nr: ..... z dnia .....

został wwieziony w celne granice Polski, środkiem transportu:

.....
(rodzaj i numer jednostki transportowej)

dnia ..... i był składowany .....
(adres składu celnego lub magazynu)

we właściwych warunkach sanitarnych.

Wyżej wymieniony produkt jest przeznaczony na wysyłkę do: .....
(kraj)

przez firmę: .....

środkiem transportu: .....
(rodzaj i numer jednostki transportowej)

.....
miejsce i data wystawienia

.....
podpis i pieczęć
urzędowego lekarza weterynarii

Translated Version of Polish Veterinary Statement

Veterinary statement

Hereby I confirm that the product:
name .....quantity.....
origin.....
/country of origination/
with included veterinary certificate no .....of .....
was taken into customs frontiers of Poland by.....of.....
/mode and no.of transportation unit/
and was stored in.....
/address of customs warehouse or storehouse/
according to proper sanitary conditions.
Above mentioned product is destinated for a shipment to: .....
/ country /
by a company .....
/ name and address /
by a mode of transport .....
/ no.of transportation unit /

....
place and date stamp and signature of vet.officer

Veterinare Erklarung

Miermit bestatigen ich das der Produkt:.....
Name .....Quantitat.....
Origen .....
/Land des Origens/
mit beigefugtes Veterinar Zertifikat Nummer .....von.....
war in Polnische Douane Grenzen genomen bei .....von .....
/Art und Nummer des Transports/
und war gelagert in .....
/ Adresse von Douane Lager /
in Ubereinstimming mit tichtige veterinare Konditionen.
O.g. Produkt ist bestimmt fur ein Transport nach .....
/Land/
bei Gesellschaft .....
/Name und Adresse/
mit ein Art von Transport .....
/Nummer des Transports/

....
Ort und Datum Stempel und Unterschrift von
Veterinare Offizer

replace the original U.S. veterinary certificate with the Polish one, as the presentation of a Polish veterinary certificate alone will not satisfy Ukrainian veterinary border authorities when shipping U.S. poultry from Poland to Ukraine.[152]

The entire veterinary inspection process for a container of transit goods is said to take no more than a day, and the fee for this type of inspection is said to total around 70 zloty per 40-foot container (approximately $26 at the time of our field interviews in June 1996). Assuming an approximate load of 52,000 pounds of poultry per 40-foot container, this inspection charge would appear to amount to no more than 5/100 of a cent for each pound of poultry transported through Poland under the "transit goods" designation.

The Polish customs department is officially considered the lead agency responsible for overseeing the inspection of transit goods, and is the entity actually responsible for issuing transit permits. However, veterinary inspectors are reported to have the primary influence over the inspection of transit goods. Customs officials are not allowed to open and inspect shipments of imported poultry without the supervision of veterinary inspectors. Moreover, unlike the case for imported poultry intended to be released into the Polish domestic market, quality inspection of meat is not required for poultry imported into Poland if it is intended to be distributed in a foreign market.

Transshipments of Poultry Through Estonia (Without Further Processing)

Inspection Procedures

According to information provided by the Estonian Investment Agency, the veterinary inspection and customs clearance of a container of imported frozen poultry takes place simultaneously at the port, and typically takes no more than 2 hours. As of December 1996, the cost of veterinary inspection for transit cargo was reported to cost around 200 Estonian krooni per container (approximately $16) at prevailing exchange rates.[153] Customs clearance fees for transit cargo were 120-360 Estonian krooni per container (between $10 and $29), depending on the customs brokerage company used.[154] Loading the containerized cargo onto a refrigerated truck for transportation to its final destination takes an additional 1-3 hours.

[152] "Ukraine Poultry Annual, 1997", American Embassy, Kiev, Ukraine, July 1997, p. 6.
[153] Estonian kroon/U.S. dollar exchange rate for December 1996 (12.410 krooni = 1 U.S. dollar) obtained from International Financial Statistics, International Monetary Fund, February 1997, p. 255.
[154] Ibid.

Documentation Requirements

The Estonian Investment Agency identifies the following documents as being required by the Estonian Customs Department for transit clearance through Estonia to Russia and other countries of the NIS:

- *Bill of lading,* which is issued by the ocean common carrier or shipping line responsible for transporting the cargo, and contains a description of the quantity and condition of the cargo being transported, along with a description of the terms and conditions of the contract of carriage.
- *Commercial invoice,* which is generated by the exporter, and contains a complete description of the sales transaction involving the cargo being exported, including a description of the goods, the addresses of the shipper and the seller, and the relevant delivery and payment terms.
- *Veterinary certificate from the country of origin,* which confirms the wholesomeness of the product being exported. In the case of U.S. exports, this requirement is satisfied by the use of USDA Form 9060-5, "Meat and Poultry Export Certificate of Wholesomeness," issued by the USDA Food Safety and Inspection Service.

In addition to these documents, the Estonian Investment Agency identifies the following documents as generally required by customs authorities in NIS countries in order to permit the admission of imported poultry which has been transshipped through Estonia:

- *Certificate of origin,* which, in the case of the United States, is issued and notarized by the U.S. exporter's local Chamber of Commerce, and provides both proof of product origin and confirms that the exporting company is registered to do business in the country of origin.
- *Letter of guarantee,* which confirms that relevant import taxes will be paid and indicates the party responsible for paying the import taxes.
- *Official veterinary certificate from the destination country,* which must be obtained in advance of the shipment. (In the case of shipments to Ukraine, this certificate is obtained by the importing company from the Veterinary Medicine Department of the Ukrainian Ministry of Agriculture in Kiev.)
- *Document confirming that the company importing the poultry had the necessary state license* to conduct this import transaction.
- *Estonian customs permit,* which indicates that transit clearance has been conducted by official authorities.
- In the case of truck transport, *a document certifying that the trucking company is covered by liability insurance against loss or damage.* Since Ukraine does not recognize

the CMR Convention established in 1956, which is recognized in Estonia and in most of Central and Western Europe, the normal CMR insurance used by many trucking companies in the region will not suffice, making it vital to use trucking firms which are covered by the TIR Convention. Further details about the cost and operation of the TIR Convention is explained in Chapter 3.

As foreign country import requirements change frequently, it may be useful to consult the FSIS Export Library of Foreign Country Requirements before undertaking any transaction. The Export Library of Foreign Country Requirements, which contains the latest available information about import requirements for Estonia and other foreign countries, can be retrieved electronically via the FSIS Home Page at www.usda.gov/fsis/explib.htm.

Direct Shipments/Transshipments to Ukraine

Import Tariffs and Taxes

The preferential Ukrainian customs tariff on imported poultry meat from approximately 30 "most favored nations" (a category which includes the United States) is 30 percent *ad valorem*, but with a clause which stipulates that the tariff must be *no less than 0.7 ECU per kilogram*, or roughly equivalent to 36 cents per pound.[155] To receive these preferential customs rates, according to the Office of Agricultural Affairs at the American Embassy in Kiev, three criteria must be met:

- Imported goods need to be accompanied by a certificate of origin to prove that they are U.S. products.
- Imported goods must be imported directly from the United States.
- Company which produced the products must be registered to do business in the United States.[156]

As a result of the clause which fixes the minimum Ukrainian import tariff on poultry meat at 0.7 ECU per kilogram, meat importers in Ukraine noted that the effective import tariff on a poultry product like frozen chicken leg quarters approached 80 to 90 percent of the customs value of the goods as of June 1996.[157] In the case of inexpensive processed meat products like sausages, the effective import tariff approached 100 percent of the customs value of the goods. Beyond the basic customs tariff, imported frozen poultry items are also officially subject to a 20-percent value-added tax (VAT), calculated on the basis of the value of goods after customs tariffs have been added. The State Customs Committee of Ukraine holds the importing company responsible for paying all relevant tariffs and taxes.

These official tariffs and taxes fail take into account any additional indirect costs that may occur when conducting business in Ukraine's current business environment. Attempts at extortion are said to be routine: representatives of Ascop Corporation noted that at certain Ukrainian ports, local authorities often demand as much as 20 percent of the cargo before allowing imported merchandise to be discharged and cleared. Consequently, Ascop representatives estimated that for every $1 worth of product that the company imports, it must charge approximately $3 to its customers to cover all of the costs associated with importing merchandise.

Another problem mentioned by meat exporters to Ukraine is the fact that the "rules of the game" for importing products appear to change constantly, making it essential to work with individuals who have access to the latest information. One of the meat distributors we interviewed in the Lublin, Poland, area mentioned that the last time his company sent a truck to Ukraine, the driver was suddenly told that he had to pay two separate "ecological" and "environmental protection" fees—amounting to about $15—before his vehicle was allowed to cross the Ukrainian border. In order to cope with the sometimes capricious nature of Ukrainian customs policy, representatives from another Polish meat distribution company rely on a team of partners in Ukraine to facilitate prompt clearance of their merchandise by using their contacts at the relevant Ukrainian customs office. With good contacts at the customs office, they noted, a container of frozen poultry will typically be cleared and transported between the Polish/Ukrainian border and a major destination in central Ukraine like Kiev within 5 or 6 days; without good contacts, however, this process may take as long as *20* days.

Given the often problematic nature of negotiating the discharge and clearance of imported cargo in Ukraine, both the Office of Agricultural Affairs at the American Embassy in Kiev and the Ukraine State Customs Committee *highly* recommend that exporters of perishable products to Ukraine hire the services of a local company—such as a freight forwarder—who is intimately familiar with local customs clearance practices. According to representatives of the State

[155] ECU/U.S. dollar exchange rate (1 ECU = 1.1300 US dollars) reflects end–June 1997 values, obtained from International Financial Statistics, International Monetary Fund, August 1997, p. 717.
[156] "Agricultural Situation," American Embassy, Kiev, Ukraine, August 1996, p. 9.
[157] The average ECU exchange rate during June 1996 equaled 1.2527 U.S. dollars, suggesting that 0.7 ECU equaled approximately 87.69 cents in June 1996, and that an import tariff of 0.7 ECU per kilogram equaled approximately 39.77 cents per pound (87.69 cents divided by 2.2046). ECU exchange rate information was obtained from the August 1996 edition of International Financial Statistics published by the International Monetary Fund.

Customs Committe, these firms typically charge between 0.5 and 2 percent of the value of the imported merchandise to take care of customs clearance arrangements. A partial list of companies who provide local freight forwarding services in Ukraine is provided in appendix 5 at the end of the report.

In this context, it should be noted once again that the expense and difficulty of importing poultry products legitimately in Ukraine has encouraged the development of a sizable trade in duty-free meat products which are smuggled into Ukraine from nearby countries, such as Poland, the Baltic States, and the Russian Federation, and (illegally) resold commercially. While it is difficult to assess the volume of trade represented by this informal sector of the economy, two of the Ukrainian food importers we interviewed in Kiev in June 1996 estimated that as much as 50,000 MT of the 70,000 MT of poultry they expected Ukraine to import in 1996 would be smuggled into Ukraine "duty-free" by small traders. In part, Ukrainian traders have been taking advantage of a loophole in customs policy which permits the importation of goods worth up to $1,400 on noncommercial terms, if these goods are being purchased for "personal use." One can only presume that the pressure to smuggle meat products across the Ukrainian border illegally has increased since the imposition of a temporary ban in December 1996 on imports of poultry and livestock products containing offal, which has effectively prohibited most legal imports of poultry frankfurters and sausages.

Inspection and Customs Clearance Procedures

As of August 1996, Ukraine maintained 70 approved customs clearance checkpoints spread throughout the country.[158] These customs clearance points include:

- All international ports;
- All railway and road border crossing points; and
- All international airports (and several domestic airports).

In addition, a number of these customs clearance points are located in the interior of the country, away from border areas, giving the importer the option of either paying all taxes and duties at a border customs checkpoint, or at the customs checkpoint nearest to the final destination of the imported goods. The Foreign Commercial Service at the American Embassy in Kiev recommends the latter option, so that goods can be stored and guarded closer to their final destination point during what can sometimes be a lengthy customs clearance procedure. Goods destined for customs clearance at an interior destination can be classified as transit goods at international border points by customs officials, as long as the container or vehicle holding the imported goods remains sealed.

Our research team met with a Ukrainian customs official who monitored the movement of cargo across the Polish/Ukrainian border, and summarized the procedure for the border inspection and customs clearance of perishable cargo arriving by truck. At border inspection stations, the customs official noted, there are separate lanes for trucks carrying perishable, refrigerated products. The first individual to meet the truck is the customs official, who checks the paperwork and verifies that the content of the shipment matches the description of the cargo as outlined on the accompanying documents. Once the contents of the shipment are verified, the veterinary inspector examines the shipment (in the case of meat products), conducts an inspection, and informs the customs official whether or not the cargo should be released. The fee for these services (excluding customs duties and taxes) was said to be 0.15 percent of the value of the goods being inspected as of late June 1996, although representatives of the Ukraine State Customs Committee anticipated that the fee would be adjusted in the near-term to a fixed amount instead of a percentage of value.

While the customs official we spoke with claimed that the border customs clearance procedure itself typically takes no more than an hour, assuming that the necessary documents are "filled out properly," the standard waiting period for trucks at Ukrainian border points before customs inspection takes place tends to be exceptionally long. Several traders active in cross-border commerce estimated that the standard waiting period for trucks carrying perishable cargo at Polish/Ukrainian border points ranged from 6 to 10 hours, while the standard waiting period at Polish/Belarussian border points was said to average about 20 hours, and waiting periods of 2 days are said to be fairly common. (The Polish/Belarus border crossing at Brest/Terespol is often used to transport cargo from Poland to Ukraine, because the connecting roads from the border area are considered superior.)

Moreover, these "relatively short" waiting periods were said by one trader to apply *only* to vehicles displacing plates indicating that the vehicle was covered under the "U.N. Customs Convention on the International Transport of Goods under Cover of TIR Carnets" (described in greater detail in Chapter 3). For vehicles not covered under this convention,

[158] Information on customs clearance checkpoints obtained from a report on "Exporting to Ukraine," Foreign Commercial Service, American Embassy, Kiev, Ukraine, August, 1996. Report is available on the U.S. Department of Commerce's World Wide Web site on "Business Information Services for the Newly Independent States (BISNIS)," whose address is "http://www.iep.doc.gov/bisnis/bisnis.html".

the waiting period could be as long as 4 days. The overriding importance of TIR status in terms of shipping goods to the NIS relates to the fact that most of these nations—including Ukraine— have never agreed to the terms of the CMR convention, an international agreement on road transport which is accepted by most Western and Central European countries. Therefore, the TIR convention is one of the few international laws pertaining to road transport acknowledged by the local government.

Documentation Requirements

The presentation of the following *original* documents was identified as either necessary or highly desirable to import poultry products into Ukraine by representatives of the central headquarters of the State Customs Committee of Ukraine and by a customs officer responsible for monitoring cross-border trade on the Polish/Ukrainian border:

- Copy of the *signed contract* between the (licensed) importing company and the exporting company, which indicates the quantity of merchandise being purchased, the terms of payment, and the price being paid.
- Document *confirming that the company importing the poultry had the necessary state license* to conduct this international transaction.
- Copy of the *invoice*, which indicates the price at which the imported merchandise is being purchased.
- *Certificate of origin*, which provides both proof of product origin and confirms that the exporting company is registered to do business in the country of origin. Although representatives of the State Customs Committee of Ukraine claimed that the presentation of a certificate of origin was not an absolute requirement, it is desirable to have one available, as customs officials may ask for one if they have any suspicions about the origin of product (as many as 10 percent of cases). It is also said to be helpful if the merchandise is clearly marked "Product of USA," since the United States is one of those countries which qualifies for "preferential" customs rates.
- *Ukrainian veterinary certificate*, which must be obtained by the importing company from the Veterinary Medicine Department of the Ukrainian Ministry of Agriculture in Kiev in advance of the shipment.
- Official *export certificate of wholesomeness* (such as FSIS Form 9060-5, "Meat and Poultry Export Certificate of Wholesomeness"), which indicates that the merchandise meets basic health criteria (e.g., the products were produced on sanitary premises, they originate from an area free of infectious disease, and antemortem and postmortem inspections indicate that the products are healthy and fit for human consumption). In addition to the use of standard text which attests to the wholesomeness of the product being exported, export certificates of wholesomeness which accompany shipments of poultry products to Ukraine should:
  - Specify Ukraine as the destination point for the poultry being shipped (in the box that asks for "country of destination"); and
  - Be translated into the Ukrainian language. FSIS Form 9460-1, Poultry Meat Export Certificate of Wholesomeness, is a bilingual certificate which is issued in addition to 9060-5 for shipments of poultry destined for the Ukraine.

The Office of Agricultural Affairs at the American Embassy in Kiev reports that there have been some occasional problems with the acceptance of import documentation for U.S.-origin poultry by Ukrainian veterinary inspectors, notably when U.S.-origin poultry originally destined for the Russian Federation has been diverted to Ukraine. The Russian Federation has recently begun to require the use of a special veterinary certificate for poultry imports, printed in both English and Russian, which mentions the Russian Federation in almost every line of the certificate. In most cases, Ukrainian veterinary inspectors are unwilling to accept these Russian Federation veterinary certificates as a substitute for the veterinary certificate issues by the Ukrainian Ministry of Agriculture.

Ukrainian poultry buyers also indicated that it can be helpful if exporters provide documentation indicating that the imported poultry has been tested for, and does not contain, residues of radium and heavy metals, although such information is not officially required for poultry originating from the United States.

As foreign country import requirements change frequently, it may be useful to consult the FSIS Export Library of Foreign Country Requirements before undertaking any transaction. The Export Library of Foreign Country Requirements, which contains the latest available information about import requirements for Ukraine and other foreign countries, can be retrieved electronically via the FSIS Home Page at www.usda.gov/fsis/explib.htm.

Documentation requirements for reexported U.S.-origin processed poultry from Poland. In order to reexport U.S.-origin poultry which has been further processed in Poland (such as comminuted meat from the United States used in

FSIS Form 9460-1
Poultry Meat Export Certificate of Wholesomeness

US DEPARTMENT OF AGRICULTURE
FOOD SAFETY AND INSPECTION SERVICE
MEAT AND POULTRY INSPECTION OPERATIONS
POULTRY MEAT EXPORT CERTIFICATE OF WHOLESOMENESS

МІНІСТЕРСТВО СІЛЬСЬКОГО ГОСПОДАРСТВА США
СЛУЖБА САНІТАРНОЇ ІНСПЕКЦІЇ ЯКОСТІ ХАРЧОВИХ ПРОДУКТІВ
ВІДДІЛ ІНСПЕКЦІЇ М'ЯСА І ПТИЦІ
СЕРТИФІКАТ ЯКОСТІ НА ЕКСПОРТОВАНЕ М'ЯСО ПТИЦІ

A knowingly false entry or false alteration of any entry on this certificate may result in a fine of not more than $10 000 or imprisonment for not more than five years or both (18USC 1001). Additional penalties exist under the Federal Meat Inspection Act (21 USC 611, (b) (1), (2), and (5), 21 USC 676) and the Poultry Products Inspection Act (21 USC 458 (c) (1), (2) and (5), 21 USC 461) for an unauthorized of false alteration or misuse of this certificate.

Свідома фальсифікація фактів, що містяться у цьому сертифікаті, або їхня зміна можуть призвести до накладення штрафу у розмірі до 10 000 доларів (США) або ув'язнення на строк до п'яти років (18 USC 1001). Згідно з Федеральним законом про інспекцію м'яса (21 USC 511 (b) (1), (2) і (5), 21 USC 676) і Законом про інспекцію птиці (21 USC 458 (c) (1), (2) і (5), 21 USC 461) додаткові штрафи стягуються за самовільну або неправдиву зміну фактів або ж неналежне використання цього сертифікату.

AREA OFFICE / Регіональний відділ	COUNTRY OF DESTINATION / Країна призначення	DATE ISSUED / Дата видачі	MPB / МПБ
	Ukraine / Україна		

EXPORTED BY (Applicant's name and address including ZIP Code)
Експортер (Назва заявника і адреса, включаючи поштовий індекс)

PRODUCT EXPORTED FROM
Продукцію експортовано з

EST/PLANT NUMBER (If Applicable)
Номер установи або комбінату (якщо є)

CITY / Місто

CONSIGNED TO (Name and address including ZIP Code)
Імпортер (Назва і адреса, включаючи поштовий індекс)

- ☐ @ SLAUGHTERING PLANT — Бойня
- ☐ @ PROCESSING PLANT — Переробний комбінат
- ☐ @ WAREHOUSE — Склад
- ☐ @ DOCKSIDE — Причал

TOTAL MARKED NET WEIGHT Сукупна вага нетто	TOTAL CONTAINERS Всього контейнерів

PRODUCT AS LABELED Продукція згідно маркування	MARKED WEIGHT OF LOT* Маркована вага партії*	NUMBER OF PACKAGES IN LOT* Кількість упаковок у партії*	SHIPPING MARKS Штампи відправки*	EST/PLANT NUMBER ON PRODUCT Номер установи або комбінату на продукції
* AS STATED BY APPLICANT OR CONTRACTOR * Як зазначено заявником або підрядчиком				

REMARKS
Примітки

DATE PRODUCED Дата виготовлення	
COUNTRIES OF TRANSIT Країни транзиту	CONDITIONS OF STORING AND TRANSPORTATION (Indicate in degrees Celsius) Умови зберігання і транспортування (в градусах по Цельсію)
POINT OF CROSSING THE BORDER Пункт перетину кордону	MEANS OF TRANSPORT (Specify the number of the wagon, truck, flight number, name of the ship) Засоби транспортування (зазначити № вагону, а/м, рейсу літака, назву судна)

Meat was not treated by coloring substances, ionizing radiation, or ultraviolet rays, and does not contain preservatives.
М'ясо не оброблялося красильними речовинами, іонізуючим випромінюванням або ультрафіолетовими променями і не містить консервантів.

Poultry meat originated from a state that has been free of African Swine Fever for the last 3 years and Foot and Mouth disease for the last 12 months.
М'ясо птиці походить зі штату, що не мав протягом останніх трьох років африканської гарячки свиней і протягом останніх 12 місяців ящура.

Poutlry meat originated from farms free of viscerotropic velogenic Newcastle disease and highly pathogenic strains of Avian Influenza during the last 6 months.
М'ясо птиці походить з ферм, що протягом останніх 6 місяців не мали вісцеротропної велогенної ньюкаслської хвороби і високопатогенних штамів пташиного грипу.

Poultry originated from farms free of clinical signs of chick anemia virus infection, avian encephalomyelitis, and ornithosis (psittacosis).
М'ясо птиці походить з ферм, що не мають клінічних ознак вірусної інфекції анемії курчат, пташиного енцефаломієлітту і орнітозу (псітакозу).

☐ I CERTIFY that the poultry and poultry products specified above came from birds that were officially given an antemortem and postmortem inspection and passed in accordance with laws and regulations of the United States Department of Agriculture and are wholesome and fit for human consumption.

Я ЗАСВІДЧУЮ, що зазначена вище птиця і продукція з птиці, отримані з птахів, які пройшли інспекцію до і після забою і визнані здоровими і придатними для вживання в їжу, а також що інспекцію проведено згідно закону і правил Міністерства сільського господарства США.

NOT VALID UNLESS SIGNED BY AN INSPECTOR OF MEAT AND POULTRY INSPECTION PROGRAM
Не дійсне без підпису інспектора з перевірки м'яса і птиці

By order of the Secretary of Agriculture
За наказом Міністра сільського господарства

INSPECTOR AND CIRCUIT NUMBER
Підпис інспектора і номер округу

COPY

This certificate is receivable in all courts of the United States as prima facie evidence of the truth of the statements therein contained.
This certificate does not excuse failure to comply with any other of the regulatory laws enforced by the United States Department of Agriculture.
Даний сертифікат приймається всіма судами Сполучених Штатів як презумпція доказу фактів, що містяться тут.
Даний сертифікат не є виправданням невиконання будь-яких нормативних актів Міністерства сільського господарства США.

FSIS FORM 9460-1
ФОРМА СЛУЖБИ САНІТАРНОЇ ІНСПЕКЦІЇ ЯКОСТІ ХАРЧОВИХ ПРОДУКТІВ 9460-1

the manufacture of sausages), traders noted that the following documents should also be made available for inspection by Ukrainian customs officials:

- *Original commercial invoice* for the importation of the meat into Poland.
- *Original U.S. export certificate* of wholesomeness (FSIS Form 9060-5, "Meat and Poultry Export Certificate of Wholesomeness") which refers to the shipment of the imported meat.
- *Original Polish veterinary inspection certificate*, which refers to the number of the original U.S. export certificate of wholesomeness.
- *Original Polish import permit* (for poultry meat imported within the preferential tariff rate quota).

Chapter 5:
Distribution and Marketing Channel Structure for U.S. Poultry Products

Poland

Importers and Wholesalers

Products intended for domestic use or further processing. Most imports of U.S. poultry meat into Poland for domestic consumption or processing appear to be funneled into Poland by a handful of large Polish-based companies—often previously state-owned firms—which are reported to receive the lion's share of annual quota allocations which permit the importation of poultry into Poland at preferential tariff rates. Typical of such import companies is Polcoop, a former trading arm for state-owned agricultural cooperatives which was converted into a joint stock company in 1991. In 1995, Polcoop registered $59 million in sales, mostly from the distribution and sale of animal products, fertilizers, seeds, and building materials. Although the sale of meat products remain a comparatively small part of the company's overall business (about 2.4 percent of total sales), Polcoop usually purchases at least one container of poultry products from the United States each month, mostly chicken leg quarters. It ships these full containers by truck to its network of subsidiary regional trading companies, who take responsibility for storing and delivering the merchandise to local retail stores and food service institutions. (The United States is the company's second most important supplier of imported goods, next to Denmark, accounting for 21 percent of all imports.)

Another Polish company importing poultry for domestic use is Pekpol, a large, formerly state-run, meat manufacturing and distribution concern, which utilizes both imported and domestic poultry in its trading and manufacturing operations (including U.S.-origin product), and sells both unprocessed and processed meat products to the Polish consumer market and to neighboring countries in the NIS. The company maintains 3,500 square meters (37,660 square feet) of cold storage space, and underwent major renovations in the early 1990s in order to comply with EU food processing standards. Animex, another large formerly state-run operation, which dominated the animal slaughter and animal trade industry in Poland for some 40 years, was reconfigured into a private company in 1991, and retains a dominant profile in the Polish market for imported poultry meat.

Since the early 1990s, numerous private trading firms have sprouted in Poland to complete with these well-established, formerly state-owned concerns. In many cases, these new firms have attempted to carve out a niche in the marketplace by tailoring their business activity to the needs of specific regional markets and/or nearby foreign markets, and by offering special services (such as transportation, warehousing, and special packaging for food service use) which appeal to the smaller receiver of imported merchandise. Two such firms located in the eastern Polish city of Lublin are Vimet Corporation, which was established as a private company in 1991 and specializes in the importation and distribution of foreign foods, including meat products (the company's total sales reached approximately $4 million in 1995), and Cormex, which was established in 1992, and currently generates around $5 million in annual sales from trading frozen poultry, frozen fish, rice, bulk popcorn, and soft drinks. Some of these smaller importing firms reported that the volume of business conducted with U.S. poultry suppliers has slowed in recent years, as the rising price of U.S. poultry leg quarters—spawned by the recent growth in Russian demand—has made it increasingly difficult for their firms to market U.S. poultry products in Poland successfully, and still make a decent profit. Moreover, it was noted that few U.S. firms are willing to extend credit to smaller Polish trading companies, even firms with a steady record of prompt payment. This can cause severe cash-flow problems for smaller companies operating on a limited amount of working capital, especially when one considers that the standard period of time between the placement of an order for imported frozen poultry and the delivery of merchandise is about 3 months.[159]

Products intended for export market. The marketing and distribution of U.S. poultry products brought into Poland for reexport to Ukraine and other NIS countries are currently dominated by a handful of firms which import enough product to achieve certain economies of scale in transportation and distribution, enabling them to offer U.S. poultry products at highly competitive prices. These companies are able to achieve cost savings by some or all of the following methods:

- Special freight rates on chartered vessels rather than standard liner service vessel freight rates
- Lower freight charges for noncontainerized refrigerated cargo.
- Lower freight charges (per unit of product) for bulk shipments by refrigerated "block train," rather than by refrigerated trucks in smaller increments.

The preeminent company in the reexportation of U.S. poultry products from Poland to the NIS—and which is generally regarded (at least by smaller Polish companies) as the primary source of price competition in the reexport market—is the U.S.-based Hudson Foods of Rogers, AR, which was acquired by Tyson Foods in January, 1998.

[159] Interview with president and commercial manager of Vimet Corporation, Lublin, Poland, June 1996.

Hudson Foods, which was responsible for the shipment of around 60 percent of all poultry transported by ocean vessel from U.S. ports to Poland in 1996, maintains its own cold-storage warehouse facility at the port of Gdynia. Much of the merchandise held at this warehouse is eventually shipped to various NIS countries, such as Russia and Ukraine. While Hudson Foods moves poultry products from Gdynia to Ukraine and elsewhere by both truck and rail, the use of rail transportation is preferred whenever possible. Despite the fact that all railcar axles must be adjusted before crossing the Polish border to fit the wide-gauge track standard in the countries of the NIS, rail is still said to be more economical than truck transport. (Hudson Foods typically uses the rail terminal at Biala Podlaska in southeastern Poland to adjust railcars to wide-gauge track for shipments to the NIS.) However, since a secured refrigerated "block train" can only be used when moving enough poultry product to fill four railcars (typically around 174 MT, equivalent to about 383,600 pounds), truck transportation remains the most common mode of transportation to ship product to its final destination.

Another significant player in the reexport market for U.S. poultry is Haris Import/Export, located in the northeastern Polish town of Lomza, a firm which currently purchases two to four containers of imported poultry each week, and accounted for more than $1 million worth of U.S. chicken imports in 1995. When shipping large volumes of product to clients in Ukraine or Belarus, Haris will typically transport containers of frozen poultry in refrigerated trucks from the port of Gdynia to the Siemianowka rail freight terminal in northeastern Poland (near the Polish/Belarussian border), and reload the containers onto wide-gauge railcars for shipment to their final destination in the NIS. Since the Siemianowka border crossing is a freight checkpoint only, there is usually little congestion at the border.

While the bulk of the Polish reexport trade in U.S. poultry may remain in the hands of a few large firms, other smaller firms are attempting to compete for portions of the market by responding to the specific needs of a distinct market segment: "commuters" from nearby regions of Ukraine, Belarus, and Russia (notably in the contiguous region of Kaliningrad), who drive across the border in their own vehicles and typically purchase 500-700 kilograms (1,100 to 1,500 pounds) of food to take back home. In order to provide an environment where small tradespeople from Ukraine could inspect merchandise before purchase and buy less than a container load of product, the Vimet Corporation has recently begun operating a bonded customs cold-storage warehouse at its Lublin facility—capable of holding 500 MT of product—for imported duty-free frozen food products classified as "transit goods" by Polish customs officials. At the time of our field interviews in June 1996, Haris Import/Export in Lomza also hoped to establish a similar bonded customs warehouse in northeastern Poland, to appeal to "tourists" from Belarus, Kaliningrad, and Lithuania.

Some Polish importing firms have attempted to compete effectively in the reexport market by specializing in a narrow product line specifically tailored to appeal to consumer tastes in the NIS. Two of the Polish trading firms we interviewed in Warsaw—Astra and Alkoma—have begun to focus their attention on importing comminuted poultry meat from the United States for use in sausage processing in Poland. These sausages—which are blended with local pork meat and fat and typically have a much higher fat content than is standard in the United States—are reexported to Ukraine and other NIS countries. (The eventual success of such ventures will likely be dependent on liberal policies regarding the importation of processed meat products in the NIS. In the case of Ukraine, the imposition of a ban on imports of poultry and livestock products containing offal in December 1996 has effectively prohibited most legal imports of poultry frankfurters and sausages since the beginning of 1997.)

Retail Outlets

The retail marketing channel for poultry products in Poland is experiencing an enormous transition at the moment, with traditional market outlets such as farmers' markets, small kiosks, corner delicatessens, and butcher shops giving way to modern supermarket chains, many of which are foreign-owned. According to a Washington Post article published in July 1996, approximately 100 foreign-owned supermarkets are currently operating in Poland, with estimates showing that this figure could rise tenfold within the next several years.[160] The most recent change in food retailing is the introduction of large chain store operations, such as Makro Cash and Carry, a "hypermarket" from Denmark, and Auchan, a French retail chain offering everything from food to electronic appliances, which opened its flagship store in the Warsaw suburbs in May 1996, and already has plans to open eight more stores in Poland.[161]

Reports suggest that traditional food retailers in Poland are already struggling to compete with the new modern supermarket and chain store outlets that offer extremely competitive prices, a greater variety of products, a clean and attractive shopping environment, and better refrigeration for highly perishable products, such as meat. Meat counters in many traditional market outlets in Poland, such as corner

[160] "Superstores Feed Polish Shoppers' Hunger for Western Goods," Washington Post, July 21, 1996, p. A2.
[161] Ibid.

delicatessens and butcher shops, are frequently unrefrigerated. In her July 1996 article in the *Washington Post*, Christine Spolar reported that small food retailers located near these new "hypermarkets" generally experienced a 70-percent drop in profits after the larger retailer began operation.[162] Despite growing protests by some small-business owners and proposals by local legistators to limit foreign competition in food retailing, it appears that the trend towards increased concentration in food retailing in Poland is likely to persist for the foreseeable future.

Sample Retail Prices and Product Availability

An informal survey of local supermarkets and grocery stores revealed the following range of prices and products for poultry items in Poland.

Auchan, one of the first wholesale-club markets to appear in Poland, is located in the town of Pieseczno, a middle-class suburb just south of Warsaw. The store, a branch of a French-based retailer, was only 2 weeks old at the time of our visit in June 1996. Some of the poultry products they offered, along with their prices, are listed in table 38.

Another popular new supermarket chain in Poland is the Austrian-based supermarket chain *Billa*, which was operating four stores in Poland as of July 1996, and hopes to open 16 additional stores in Poland within the next few years.[163] Table 39 provides information on observations of poultry products and retail prices at one of its suburban Warsaw locations.

[162] Ibid.

[163] Ibid.

Table 38. Sample Poultry Products and Retail Prices Auchan Supermarket (suburban Warsaw)

Type of Product	Country of Origin	Weight of Item	Item Price	Unit Price (in U.S. $/lb)
Fresh whole chicken, cellophane wrapped on Styrofoam trays	Unknown	N/A	4.94 zloty/kg ($1.82)	$0.83
Fresh turkey cutlets, cellophane wrapped on Styrofoam trays	Poland	N/A	10.99 zloty/kg ($4.05)	$1.84
Fresh turkey wings, cellophane wrapped on Styrofoam trays	Poland	674 grams (1.49 lb)	3.63 zloty ($1.34)	$0.90
Fresh chicken feet, cellophane wrapped on Styrofoam trays	Unknown	420 grams (14.7 oz)	0.84 zloty ($0.31)	$0.34
Fresh chicken hearts, cellophane wrapped on Styrofoam trays	Unknown	400 grams (14.1 oz)	2.40 zloty ($0.88)	$1.00
Fresh chicken livers, cellophane wrapped on Styrofoam trays	Unknown	600 grams (1.32 lb)	4.19 zloty ($1.54)	$1.17
Processed chicken roll with mushrooms, vacuum packed	Poland	395 grams (13.8 oz)	4.54 zloty ($1.67)	$1.94

Source: Direct observations, June 1996. U.S. dollar/Polish zloty exchange rate (1 U.S. dollar=2.7145 zloty) based on official exchange rate for June 1996 published in International Financial Statistics, International Monetary Fund, August 1996, p. 487.

Table 39. Sample Poultry Products and Retail Prices, Billa Supermarket (suburban Warsaw)

Type of Product	Country of Origin	Weight of Item	Item Price	Unit Price (in U.S. $/lb)
Fresh whole chicken, Billa store brand (cellophane wrapped on Styrofoam trays)	Unknown	1.39 kilos (3.06 lb)	8.25 zloty ($3.04)	$0.99
Fresh whole chicken, SuperDrob brand (cellophane wrapped on Styrofoam trays)	Poland	1.156 kilos (2.55 lb)	5.76 zloty ($2.12)	$0.83
Frankfurters made from unspecified poultry meat	Poland	N/A	7.99 zloty/kg ($2.94)	$1.33
Smoked poultry sausage, vacuum packed	Poland	404 grams (14.3 oz)	7.51 zloty ($2.77)	$3.10
Turkey pastrami, vacuum packed	Poland	N/A	16.99 zloty/kg ($6.26)	$2.84

Source: Direct observations, June 1996. U.S. dollar/Polish zloty exchange rate (1 U.S. dollar=2.7145 zloty) based on official exchange rate for June 1996 published in International Financial Statistics, International Monetary Fund, August 1996, p. 487.

Poultry products are also sold in a number of farmers' market and open market locations. They are typically sold in bulk without individual retail packaging, and are sold from unrefrigerated counters. Table 40 provides information on the type and retail prices of poultry products offered for sale at various farmers' markets and delicatessens in downtown Warsaw. Note that at downtown Warsaw farmers' markets and delicatessens, the prices of meat products did not differ considerably from the prices offered at suburban Warsaw supermarkets.

Ukraine

Importers and Wholesalers

The U.S./Ukrainian joint venture company known as Ascop Corporation, local market observers say, is the dominant importer of U.S.-origin poultry in Ukraine. The firm is believed to handle as much as 50 percent of the volume of poultry currently being imported into Ukraine from the United States. Ascop started importing poultry products into Ukraine during the early 1990's. The firm's New York office takes care of most of the product sourcing, import financing, and transportation issues, while the Kiev office primarily focuses on marketing products and monitoring inventory.

As far as its distribution practices are concerned, Ascop typically charters ocean vessels to move frozen poultry products from U.S. East and Gulf Coast ports to the Ukrainian Black Sea port of Nikolayev, about 100 miles northeast of Odessa. Once a container of frozen poultry is unloaded from the ship, it is generally sent by rail (or less frequently, by truck) to a cold-storage facility near the final destination market. The product is transported and stored at a temperature of no more than minus 18 degrees Centrigrade (between 0 and minus 1 degree Fahrenheit). Ascop uses cold-storage warehouses in every *oblast* (province) of Ukraine to store its inventory of frozen poultry products, either leasing an entire cold storage warehouse in a particular location or contracting with a local company to hold inventory. Ascop carries out these decentralized transportation and storage operations by relying on a broad network of sales and marketing representatives located in each *oblast.*

The mix of frozen poultry products Ascop imports from the United States is roughly comprised as follows: 75 percent chicken leg quarters, 20 percent chicken frankfurters/ sausages, and 5 percent everything else (including turkey parts and chicken livers). All of these products are intended

Table 40. Sample Poultry Products and Retail Prices, Selected Farmers' Markets and Delicatessens (downtown Warsaw)

Type of Product	Country of Origin	Weight of Item	Item Price	Unit Price (in U.S. $/lb)
Fresh chicken leg quarters, unbagged	Unknown	N/A	5.60 zloty ($2.06)	$0.94
Fresh chicken breasts, unbagged	Unknown	N/A	11.00 zloty/kg ($4.05)	$1.84
Fresh whole chicken, unbagged	Unknown	N/A	5.30 zloty ($1.95)	$0.89
Fresh turkey wings, unbagged	Unknown	N/A	5.00 zloty ($1.84)	$0.84

Source: Direct observations, June 1996. U.S. dollar/Polish zloty exchange rate (1 U.S. dollar=2.7145 zloty) based on official exchange rate for June 1996 published in International Financial Statistics, International Monetary Fund, August 1996, p. 487.

for immediate retail sale. Ascop has not yet begun importing meat products for further processing in Ukraine. Importing meat for further processing is thought to be a possible future option, although the feasibility of such a venture is believed by Ascop management to be contingent on finding a local business partner who already has access to basic meat-processing technology.

Even though Ascop has captured a significant share of the burgeoning market for imported poultry products in Ukraine, the trade environment for importing poultry products is far from relaxed. The Ukrainian Parliament and the local press continue to campaign against poultry imports as a threat to the local industry, and tariffs on imported meat products remain quite high. Ascop senior executives estimated that for every $1 of product that Ascop imports, the firm must charge approximately $3 USD to its customers to cover tariffs, taxes and other import costs.

To maintain its market presence in an environment somewhat hostile to imports, Ascop is trying to emphasize the quality of its product, and is working to establish its own brand and trademark. The company has also recently begun to advertise its products in local magazines, and hopes that it might be able to obtain some financial support from industry trade associations, such as the U.S.A. Poultry and Egg Export Council, in order to intensify its advertising efforts and combat ongoing propaganda by local journalists which questions the wholesomeness of U.S. chicken.

Aside from Ascop, there are also a number of smaller trading firms in Ukraine involved in marketing and distributing process imported poultry and other imported meats in Ukraine, many of whom have expressed an interest in developing better contacts with U.S. meat suppliers, even if they are not currently involved in the distribution of U.S.-origin meat products. (The names and phone numbers of several Ukrainian-based food importers and distributors who have expressed an interest in importing poultry and other food products from the United States have been provided in appendices 1 and 2.) Our research team learned that some of these importing firms may actually prefer the quality of U.S.-origin poultry meat to their current sources of supply (such as Holland), but have been unsure how to establish direct business contacts with U.S. suppliers, and have relied on a very indirect channel of distribution. One such importer, Olexander Kashaev of Inek Trading Company in the western Ukrainian town of Lviv, sells a variety of imported food-stuffs to both retail and wholesale customers, and maintains two refrigerated warehouses with a total storage capacity of 2,100 MT. He purchases his imported meat products (mostly ground meat and sausages imported from Holland) from a distributor who purchases his supplies in Poland. In his opinion, such experiences are typical. The distribution of foreign food products in Ukraine usually involves transactions by several intermediaries: an importing company buys a large quantity of a particular product from a foreign supplier, sells a portion of this product to a regional wholesaler, and this wholesaler resells this product to a variety of food retailers, restaurants, and other institutions.

(Given the current small size of most food service operations in Ukraine, and the limited presence of large-scale supermarket chains, Mr. Kashaev noted that few if any institutions purchase food directly from a foreign supplier.)

A Ukrainian freight forwarder interviewed by our research team agrees with Mr. Kashaev's assessment that poultry distribution in Ukraine typically involves transactions with several intermediaries. He observes that much of the North American (U.S. and Canadian) poultry entering the Ukrainian market has initially been exported to Germany, where it is purchased by representatives of large food commodity trading firms based in Poland and the NIS, who subsequently resell the merchandise to Ukrainian wholesalers.[164]

As in the case of smaller trading firms in Poland, the limited amount of direct interaction between U.S. suppliers and smaller Ukrainian importers is strongly related to the absence of lenient credit terms generally available from U.S. suppliers. According to the American Embassy in Kiev, few if any of these smaller trading firms in Ukraine possess the ability to make large purchases with letters of credit or wire transfers. Consequently, the only way that they can import foodstuffs and effectively manage their cash flow is by importing products on credit terms which only require a partial deposit immediately, and the payment of the final balance within 15 to 30 days.[165] It then becomes the responsibility of the U.S. company wishing to do business with these Ukrainian organization to accurately assess the reliability and capability of the potential importer/distributor to fulfill the terms of its contract, a risk which many U.S. suppliers are unwilling to assume.

A discussion of food distribution channels in Ukraine is incomplete without taking into account the role of "commuter" traffic from Ukraine. Small tradespeople and aspiring entrepreneurs from Ukraine cross the border into nearby regions of Poland and Russia, purchase small quantities of imported foodstuffs (including meat products), and either smuggle or import food products legally into Ukraine without paying steep commercial tariffs. (At the time of our field interviews in June 1996, Ukrainian citizens were reportedly allowed to import goods worth less than $1,400 for "personal use," which were exempted from commercial duties.) Such cross-border trade is believed to account for a substantial volume of overall trade; according to personnel at the American Embassy's Office of Agricultural Affairs in Kiev, as much as one-fourth of U.S. poultry recorded as having been shipped to Russia during the first 5 months of 1996 was actually diverted to the Ukrainian consumer market.[166]

[164] Correspondence from Baltic and Oriental Ukraine (freight forwarders), Odessa, Ukraine, March 1997.
[165] "Ukrainian Food & Beverage Importers & Distributors," Office of the USDA Advisor, Ministry of Agriculture and Food of Ukraine, Kiev, Ukraine, March 1995.

Retail Outlets

Meat products in Ukraine are most typically sold on the retail level at a *gastronom*, a neighborhood grocery store similar in size to a typical U.S. convenience store, where meat products are generally displayed in enclosed refrigerated glass cases (beyond the reach of customers). At farmers' markets, small producers and traders sell products in covered and open-air stalls, displaying their wares on countertops or behind (largely unrefrigerated) glass cases. A number of modern supermarkets—with self-service aisles, checkout counters, and enclosed self-service cases for chilled and frozen foods—do exist in major Ukrainian cities such as Kiev. However, their appeal tends to be limited to affluent Ukrainians and expatriates living in the country, who can afford to pay a premium for the wide variety of imported and value-added products that such supermarkets typically carry.

Table 41 provides a retail price comparison between poultry products and other major food items/alternative sources of protein in five major metropolitan areas in Ukraine as of March 1996.

Sample Retail Prices and Product Availability

An informal survey of local supermarkets and grocery stores in various urban locations in Kiev and Lviv revealed the following range of prices and products for poultry items. (Please note that at the time of our research team's visit to Ukraine in June 1996, the Ukrainian government had not yet introduced its new currency, the hryvnia, which was introduced in October 1996. Thus the prices listed are quoted in karbovanets, or coupons, abbreviated hereafter as KBV, the local currency in circulation at the time.)

Table 42 provides a sampling of retail prices for imported processed poultry products offered for sale at the "Bessarabian" farmers' market in downtown Kiev, which was reputed in June 1996 to be the most expensive farmers' market in Kiev, as well as the one selling the most extensive variety of products in the city.

Next door to the Bessarabian farmers' market, a so-called delicatessen "cooperative" displayed its meat products behind unrefrigerated glass cases, including an imported processed turkey roll (table 43).

[166] Interview with Andrei Lyssikov, Office of Agricultural Affairs, American Embassy, Kiev, Ukraine, June 1996.

Table 41. Retail Prices of Poultry and Other Meat Products in Ukraine

City	Poultry Prices/lb (U.S. $)	Beef Prices/lb (U.S. $)	Pork Prices/lb (U.S. $)	Mutton Prices/lb (U.S. $)	Fish Prices/lb (U.S. $)	Smoked Sausage (U.S. $)
Kiev	$0.96–1.20	$0.70–1.08	$0.79–1.44	$0.60–1.20	$0.65–3.60	$1.68–2.04
Vinitza	$0.84–1.20	$0.69–0.96	$1.04–1.20	$0.48–0.60	$0.50–0.96	$1.39–1.86
Odessa	$0.96–1.92	$0.48–1.92	$0.60–2.16	$0.48–0.96	$0.43–1.32	$1.20–2.16
Simferopol	$0.84–1.20	$0.72–1.20	$0.84–1.68	$0.72–0.96	$0.72–1.08	$1.44–2.16
Charkov	$0.79–1.92	$0.71–1.08	$0.72–1.44	$0.43–0.72	$0.60–0.89	$1.18–1.92

Source: Ukrainian Business News, Issue No. 9, March 1996. Prices have been converted from quotes in local Ukrainian currency, using the official average exchange rate for March 1996 (1 U.S. dollar=189,152 Ukrainian karbovanets). Exchange rate obtained from the August 1996 issue of International Financial Statistics, published by the International Monetary Fund.

Table 42. Retail Prices of Imported Processed Poultry Products "Bessarabian" Farmers' Market (downtown Kiev, Ukraine)

Type of Product	Country of Origin	Weight of Item	Item Price (in KBV)	Unit Price (in U.S. $/lb)
"Tully" brand chicken franks	France	400 grams (14.1 oz)	250,000 KBV ($1.37)	$1.55
Hygrade brand chicken/pork franks (imported by Ascop)	U.S.	454 grams (16 oz)	350,000 KBV ($1.92)	$1.92
Hudson Foods brand hot dogs (made with chicken, pork and beef)	U.S.	454 grams (16 oz)	300,000 KBV ($1.65)	$1.65
Perdue brand chicken franks	U.S.	454 grams (16 oz)	300,000 KBV ($1.65)	$1.65

Source: Direct observations, June 1996. Exchange rate for June 1996 (1 U.S. dollar=181,977 Ukrainian KBV) obtained from the August 1996 issue of International Financial Statistics, published by the International Monetary Fund.

Table 44 lists the retail prices of imported whole poultry and poultry parts sold at a "gastronom" located on a major thoroughfare in downtown Kiev. Meat products were displayed in enclosed refrigerated glass cases.

Table 45 lists retail prices observed at a branch of the Nika supermarket chain located in downtown Kiev, a Western-style supermarket with wide aisles, shopping carts, checkout counters, and numerous self-service cases for refrigerated and frozen products. Nika is considered to be an expensive store by Ukrainian standards; almost everything sold in the supermarket appeared to be an imported product, and the store carried more value-added and highly processed/consumer-ready meat products than any of the other food retail outlets visited by the research team.

Table 46 lists the retail price of chicken leg quarters sold in a downtown neighborhood grocery store in the western Ukrainian city of Lviv, displayed behind a refrigerated glass counter.

Table 43. Retail Prices of Imported Processed Poultry Products at a Delicatessen "Cooperative" (downtown Kiev, Ukraine)

Type of Product	Country of Origin	Weight of Item	Item Price	Unit Price (in U.S. $/lb)
Chopped/formed turkey roll (packed in plastic casing like sausage)	Spain	440 grams (15.5 oz)	440,000 KBV ($2.42)	$2.50

Source: Direct observations, June 1996. Exchange rate for June 1996 (1 U.S. dollar=181,977 Ukrainian KBV) obtained from the August 1996 issue of International Financial Statistics, published by the International Monetary Fund.

Table 44. Retail Prices of Unprocessed Poultry at a "Gastronom," (downtown Kiev, Ukraine)

Type of Product	Country of Origin	Item Price	Unit Price (in U.S. $/lb)
Chicken leg quarters, unpackaged	Holland	470,000 KBV ($2.58)	$1.17
Chicken leg quarters, unpackaged	Belgium	470,000 KBV ($2.58)	$1.17
Whole chicken, packed in cellophane bags	Hungary	430,000 KBV ($2.36)	$1.07
Turkey legs, unpackaged	Unknown	420,000 KBV ($2.31)	$1.05
Whole chicken, partially trimmed (feed and head still attached)	Unknown (probably domestic)	320,000 KBV ($1.76)	$0.80
Whole duck, packed in cellophane bags	Hungary	600,000 KBV ($3.30)	$1.50

Source: Direct observations, June 1996. Exchange rate for June 1996 (1 U.S. dollar=181,977 Ukrainian KBV) obtained from the August 1996 issue of International Financial Statistics, published by the International Monetary Fund.

Table 45. Retail Prices of Poultry, Nika Supermarket (downtown Kiev, Ukraine)

Type of Product	Country of Origin	Weight of Item	Item Price	Unit Price (in U.S. $/lb)
Smoked chicken legs (unpackaged, from store delicatessen department)	Unknown		1,140,000 KBV/kg ($6.26)	$2.84
Frozen whole chicken (packed in plastic bag)	Switzerland	2 kilograms (4.41 lb)	1,180,000 KBV ($6.48)	$1.47
"Western Meats" frozen boneless chicken thigh meat, seasoned "ready for grilling," packed with cellophane wrap on Styrofoam tray	Ukraine (manuafctured by U.S./Ukrainian joint venture company)	280 grams (9.9 oz)	690,000 KBV ($3.79)	$6.13
"Western Meats" frozen prepared "Buffalo" chicken wings, packed with cellophane wrap on Styrofoam tray	Ukraine (manufactured by U.S./Ukrainian joint venture company)	500 grams (1.09 lb)	890,000 KBV ($4.89)	$4.49

Source: Direct observations, June 1996. Exchange rate for June 1996 (1 U.S. dollar=181,977 Ukrainian KBV) obtained from the August 1996 issue of International Financial Statistics, published by the International Monetary Fund.

Table 46. Retail Price of Poultry Leg Quarters at a "Gastronom," (downtown Lviv, Ukraine)

Type of Product	Country of Origin	Item Price	Unit Price (in U.S. $/lb)
Chicken leg quarters, unpackaged	Unknown	500,000 KBV ($2.75)	$1.25

Source: Direct observations, June 1996. Exchange rate for June 1996 (1 U.S. dollar=181,977 Ukrainian KBV) obtained from the August 1996 issue of International Financial Statistics, published by the International Monetary Fund.

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Chapter 6:
Concluding Thoughts on The Advantages of Specific Shipping/Distribution Routes to Ukraine

To determine if it is more appropriate and cost-effective to utilize Baltic or Black Sea gateways to access the Ukrainian poultry market, one should consider the following issues:

- Proximity of final receiver in Ukraine to primary seaports on the Black Sea.
- Importance of prompt delivery to the final buyer.

Table 47 provides a comparative analysis of transportation costs and transit times—utilizing major Polish, Estonian and Ukrainian ports of entry—for a single 40-foot container of frozen poultry leaving the U.S. East/Gulf Coast for final delivery and customs clearance in Kiev, the primary consumer market in Ukraine. Based on these particular origin and destination points, direct shipments to the Black Sea port of Illyichevsk appears to be far less expensive than shipment routes which utilize the Baltic seaports of Gdynia or Tallinn as transshipment points. The cost of shipping a 40-foot refrigerated container to Kiev through the port of Gdynia is approximately $1,600 more per container than the shipment of the same container through the Ukrainian port of Illyichevsk, while the use of Tallinn as the port of entry appears to exceed the cost of using the port of Illyichevsk by several hundred dollars per container. Nevertheless, the Baltic gateways do provide a significantly faster transportation alternative for deliveries to Kiev. Shipments of containerized cargo moving through Gdynia and Tallinn en route to Kiev can be expected to take about 3 fewer days on average (27 days) than cargo which has been shipped directly to the Ukrainian port of Illyichevsk (30 days). In terms of total cost-efficiency, the port of Tallinn has the advantage of providing nearly as swift a delivery route to the Kiev market as the port of Gdynia, but at a considerably lower cost.

The apparent advantages of using specific shipment routes to ship cargo to Kiev may not hold true for all destinations in Ukraine. It may be both economical and efficient to use Polish ports as a gateway for U.S. products destined for locations in western and northern Ukraine, given the cost and transit times of ground transportation between the port of entry and the final destination market. For example, the shipment of a 40-foot container of frozen poultry from the port of Illyichevsk to the western Ukrainian town of Lviv—around 800 kilometers northwest of Illyichevsk—could be expected to cost between $6,340 and $6,900, with a total transit time of between 30 and 31 days, based on a estimated trucking charge of $960 to $1520, and actual driving time of at least 2 days. In comparison, the same shipment moving through the port of Gdynia, Poland could be expected to cost nearly the same amount (just over $6,900) with a total transit time of only 23 to 27 days, given trucking costs from Gdynia to Lviv of $1670, and a standard transit time of 3 days (includes a 10 hour waiting period at the border crossing). Admittedly, however, most of the populous cities in Ukraine are located in the southern and eastern portions of the countries, giving the Black Sea ports of Ukraine a distinct competitive advantage in terms of ground transportation; a list of primary metropolitan areas in Ukraine are listed in table 48.

It may also be possible to reach some segments of the Ukrainian consumer market fairly inexpensively without having to make direct deliveries to Ukraine. By arranging to ship duty-free merchandise to bonded cold storage customs warehouses along the eastern border of Poland, which are frequented by Ukrainian and other NIS buyers, the U.S. exporter may be able to sharply reduce the costs and time required to ship frozen poultry to a final buyer in Ukraine. At around $630, the standard cost of trucking a 40-foot container of frozen poultry between the port of Gdynia and the eastern Polish town of Lublin is more than $1000 less per container than the shipment of the same merchandise to the western Ukrainian town of Lviv (less than 200 kilometers away). In addition, the amount of time required to transport the merchandise to the final delivery point would easily be cut from 3 days to 1 1/2 days, since prolonged waiting periods at the Ukrainian border would be eliminated. (Information about some of these bonded warehouses is provided in appendix 1).

If prompt and reliable delivery to a Ukrainian destination outweighs the absolute importance of cost factors, the Baltic gateway becomes an even more attractive option. To the primary market of Ukraine, Kiev (located in north central Ukraine), containerized shipments of frozen poultry through Gdynia or Tallinn take an average of 3 fewer days than shipments through Illyichevsk. Moreover, the user of port facilities at either Gdynia or Tallinn is far less likely to suffer a breakdown in mechanical and electrical equipment and experience severe traffic congestion than the user of Ukrainian seaports. According to a major freight forwarder based in Odessa, forklift trucks in Illyichevsk and Odessa break down frequently due to insufficient maintenance/repairs and a shortage of spare parts. There are also occasional power outages lasting 4 to 6 hours. In addition, delays of up to 1 day in moving containers in and out of the terminal at Illyichevsk and Odessa are standard.

For the large-volume exporter who ships merchandise from a port to Ukraine by secured block trains—which require a minimum of four railcar loads of product, or approximately 175 MT of frozen poultry—the Tallinn gateway might provide a reasonable alternative to using Illyichevsk as a port of entry, especially for locations in northern Ukraine.

Table 47. Comparative Transit Times and Costs for Containerized Poultry Cargo[167]

Transportation & Distribution Channel Components	Gdynia, Poland Transit Time (days)	Gdynia, Poland Cost (U.S. $)	Muuga, Estonia Transit Time (days)	Muuga, Estonia Cost (U.S. $)	Illyichevsk, Ukraine Transit Time (days)	Illyichevsk, Ukraine Cost (U.S. $)
Trans-oceanic freight and feeder service to port of entry	19-22[168]	4,800[169]	20-23[170]	4,500[171]	27	5,100[172]
Transit inspection/ customs clearance	0.5–1	150	0.5–1	26–45[173]	N/A	N/A
Loading unloading, and handling of cargo at port of entry	0.5–1	297[174]	0.5–1	N/A	1–2[175]	283[176]
Truck transport to Kiev, Ukraine	4–6[177]	2,300–2,700	3–6[178]	1,700–2,130[179]	1.5–2.5[180]	600–950[181]
Approximate total transportation cost and time to Kiev, Ukraine	24-30	7,550-7,950	24–31	6,225–6,700[182]	29.5–31.5	5,980–6,330
Approximate transportation cost per pound		0.15		0.12–0.13[183]		0.11–0.12

Note: These price and transit time ranges represent a composite of quotes and information received from several freight forwarders, shipping lines and transportation agents between June 1996 and March 1997. These figures are provided for representational purposes only and may not represent current rate quotes or schedules.

[167]Assumes 40-foot container holding 52,000 pounds of product.

[168]Based on estimated standard voyage to transshipment port (e.g. Bremerhaven) of 15-16 days and estimated voyage time for feeder service to Gdynia of 3-5 days, allowing additional time for transferring and loading cargo at transshipment port.

[169]Price quote for ocean freight is based on a c.i.f. Gdynia quote which includes costs of feeder service from Bremerhaven to Gdynia.

[170]Based on estimated standard voyage of 13-15 days between U.S. East Coast and Western European transshipment port (e.g., Rotterdam, Hamburg) and additional 5-7 days for feeder service to Muuga, allowing additional time for transferring cargo onto feeder vessel.

[171]Price quote for ocean freight is based on a c.i.f. Muuga quote, including cost of feeder service from Rotterdam to Muuga.

[172]Denotes costs of ocean freight to Gioia Tauro, Italy, with connecting feeder service to Illyichevsk.

[173]Charges reflect $16 for veterinary inspection of refrigerated truck and $10-29 for customs clearance of transit goods. Quotes were obtained from the Estonian Investment Agency, Tallinn, Estonia, December 1996.

[174]This charge covers the standard cost of moving a container from the ship's railing to storage yard ($28), 24 hours of access to electrical power and maintenance ($241), and movement of container from storage yard to land transport vehicle ($28).

[175]Freight forwarders operating in Illyichevsk note that one should anticipate the possibility of delays of up to 1 day due to steady congestion in moving containers in and out of the terminal.

[176]Denotes cost of unloading container from vessel ($178.00) and access to electrical power for 24 hour period ($105.00). Does *not* include possible additional handling charges for moving container to storage yard or to ground transportation vehicle.

[177]Assumes standard waiting period at border crossing of around 10 hours.

[178]Takes into account variable waiting periods at border crossing.

[179]Based on freight quote of 2.00–2.50 DM per kilometer, which equates about $1.31–$1.64 per kilometer (using International Monetary Fund averages for June 1996), and estimated distance of 1,300 kilometers between Tallinn and Kiev. Average exchange rate for June 1996 (1 U.S. dollar=DM 1.5274), obtained from *International Financial Statistics*, International Monetary Fund, Agusut 1996, p. 269.

[180]Ukrainian truckers are not officially allowed to drive more than 450 kilometers per day.

[181]Based on 500 kilometer trip between Illyichevsk and Kiev at a reported truck freight rate of between $1.20 to $1.90 per kilometer.

[182]This total does not include additional charges related to loading, unloading and handling transit cargo at the port of Muuga. If charges for these services at Muuga correspond to typical charges at other nearby ports (Gdynia and Illyichevsk), or about $300 in transportation costs per container, total transportation costs could be expected to range between $6,525–7,000, roughly 13 cents per pound of transported product.

[183]See footnote 182.

Table 48. Population of Principal Towns in Ukraine

Town	Population
Kyiv (Kiev, capital)	2,616,000
Kharkiv (Kharkov)	1.618,000
Dnipropetrovsk (Dnepropetrovsk)	1,187,000
Donetsk	1,117,000
Odesa (Odessa)	1,106,000
Zaporizhizhia (Zaporozhye)	891,000
Lviv (Lvov)	798,000
Kryvyvi Rih (Krivoi Rog)	717,000
Mariupol	520,000
Mikolayiv (Nikolayev)	508,000
Luhansk (Lugansk)	501,000
Makayevka	427,000
Vinnytsya (Vinnitsa)	379,000
Kherson	361,000
Sevastopol	361,000
Simferopol	349,000
Gorlovka	338,000
Poltava	317,000
Chernihiv (Chernigov)	257,000
Khemelnytskyi (Khmelnitsky)	241,000
Kremenchug	238,000
Rivne (Rovno)	233,000
Ivan-Frankivsk (Ivano-Frankovsk)	220,000

Source: Brama, Inc. Web site, located at http://www.brama.com/ukraine/apgm.html. Population figures reflect estimates as of January 1990. Names are written in Ukrainian transliteration, with Russian version in parentheses.

Estonian rail rates to Ukraine are said to be more competitive than Polish rail rates, and the width of rails in Estonia is the same as that in Russia and Ukraine, making the railcar axle adjustments that are needed for rail cargo originating in Poland unnecessary. The cost of rail service is subject to discussions with the Estonian Railway company, and depends on the quantity of containers being moved and the frequency of service desired. In general, the Estonian Investment Agency observes that rail service from Tallinn to Kiev would run about 30 percent less per container than shipments by truck, and would take approximately 2 to 3 days longer than truck shipments.[184] (A telephone number and facsimile number for the Estonian Railway is provided in appendix 1.)

[184] Correspondence from Estonian Investment Agency, Tallinn, Estonia, December 1996.

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Appendix 1:
Directory of Service Providers (Study Contributors)

The following list is a compilation of names and telephone/facsimile numbers of several organizations in Poland, Ukraine, other parts of Europe and the United States which provide services directly applicable to the shipment and distribution of U.S. poultry products in the Polish and Ukrainian region. Each of these organizations has contributed directly to the development of this research report, and has agreed to be listed as a supplier of services to the U.S. poultry industry. Please note that the inclusion of any particular firm does not connote an official endorsement by the U.S. Department of Agriculture.

Where there are substantial differences between the Ukrainian and Russian versions of Ukrainian place names, the names of city locations in Ukraine have been written in transliterated Ukrainian, and the more familiar Russian name for the same city appears next to the Ukrainian version in parentheses.)

Poland

Meat Importers & Distributors

Alkoma Sp. z.o.o.
Address: ul. Hoza 66/68, dep. 31
00-682 Warszawa (Warsaw), Poland
Telephone: 011-48-22-29-21-12
Facsimile: 011-48-22-29-18-13
Contact: Andrzej Konopka, President

Bhz Astra
Address: ul. Zeromskiego 36/42, lok. 42
01-831 Warszawa (Warsaw), Poland
Telephone: 011-48-22-34-18-48
Facsimile: 011-48-22-34-18-48
Contact: Andrzej Szewielow, Director

Cormex International Trading Co.
Address: ul. Przybylskiego 19
20-465 Lublin, Poland
Telephone: 011-48-81-44-241
Facsimile: 011-48-81-42-643
Contact: Janusz Luterek, Director

Haris Import/Export
Address: 45 Polowa Str., P.O. Box 100
18-400 Lomza, Poland
Facsimile: 011-48-86-16-45-20
Contact: Stefan Sutyniec, Owner

Hudson Foods Poland
Address: ul. Pulaskiego 8, Fourth Floor
81-368 Gdynia, Poland
Telephone: 011-48-58-611-555
Facsimile: 011-48-58-614-654
Contact: Herman B. Moyers, Branch Manager

LubMeat, S.A.
Address: ul. Turystyczna 9
20-207 Lublin, Poland
Telephone: 011-81-746-05-17
Facsimile: 011-81-746-04-18
Contact: Andrzej Szewczyk, Technical Director

Pekpol Import/Export
Address: ul. Polska 20
81-339 Gdynia, Poland
Telephone: 011-48-58-21-51-56
Facsimile: 011-48-58-20-29-10
Contact: Remigiusz Wegrzynowicz, Director

Polcoop, S.A.
Address: ul. Kopernika 30, P.O. Box 199
00-950 Warszawa (Warsaw), Poland
Telephone: 011-48-22-26-41-72
Facsimile: 011-48-22-27-10-53
Contact: Bozena Pawliszewska, Dairy Product Manager

Vimet Corporation[185]
Address: ul. Mila 6
20-104 Lublin, Poland
Telephone: 011-48-81-229-24
Facsimile: 011-48-81-746-12-79
Contact: Witold Nosek, President

Ocean Freight Services

Maersk Poland, Ltd.
Address: Al. Zjednoczenia 1
81-346 Gdynia, Poland
Telephone: 011-48-58-20-29-27
Facsimile: 011-48-58-20-86-37
Contact: Krzysztof Pik, Branch Office Manager

[185] This company also manages a bonded customs cold-storage warehouse for duty-free meat products, including U.S.-origin poultry parts, which are inspected and purchased by foreign buyers.

Freight Forwarders/Truck Transportation Services

C. Hartwig Gdynia
Address: ul. Derdowskiego 7
81-369 Gdynia, Poland
Telephone: 011-48-58-279-242
Facsimile: 011-48-58-204-825
Contact: Zbigniew Potrykus,
Assistant Managing Director

IBC International Consulting
Address: ul. Dabrowskiego 22
40-032 Katowice, Poland
Telephone: 011-48-32-155-22-59
Facsimile: 011-48-32-156-46-76
Contact: Dr. Marian Budka, President

Interlink, Ltd.
Address: 50 Pomorska Str.
81-314 Gdynia, Poland
Telephone: 011-48-58-21-79-78
Facsimile: 011-48-58-21-00-51
Contact: Pawel Gelner, Container Department Manager

Interpegro-Holding Ltd.[186]
Address: 3 B. Brechta Str.
03-472 Warszawa (Warsaw), Poland
Telephone: 011-48-22-619-47-26
Facsimile: 011-48-22-619-86-38
Contact: Zbigniew Hryniewicz, President

Transip Corporation
Address: ul. Budowlana 8
20-469 Lublin, Poland
Telephone: 011-48-81-74-415-63
Facsimile: 011-48-81-714-415-63
Contact: Marek Czurylo, President

Freight Forwarders/Rail Transportation Services

Trade Trans Corporation
Address: ul. Okopowa 5
20-022 Lublin, Poland
Telephone: 011-48-81-531-57-67
Facsimile: 011-48-81-531-57-67
Contact: Andrzej Piskorek, Branch Manager

[186] The company Interpegro-Holding Ltd. is a major distributor of imported meat products in Poland, as well as the owner of a subsidiary firm which specializes in freight forwarding. For the purposes of this report, the company has been listed under the category of freight forwarders rather than meat importers, since representatives of the firm indicate that little (if any) of the imported poultry handled by the company originates from the United States.

Cold Storage/Warehousing Services

Chlodnia Lublin, S.A.
Address: ul. Melgiewska 104
20-234 Lublin, Poland
Telephone: 011-48-81-746-35-31
Facsimile: 011-48-81-746-06-02
Contact: Zenon Marczuk, President

Ukraine

Meat Importers & Distributors

Ascop Corporation
Address: ul. Marina Raskova 11, Room 610
Kyiv (Kiev), Ukraine
Telephone: 011-380-44-517-4274
Contact: Vladimir Yaroshenko,
General Director, Kiev Office

Inek Trading Company
Address: 49 Krivorizka Street
290006 Lviv (Lvov), Ukraine
Telephone: 011-380-322-22-45-32
Facsimile: 011-380-322-22-45-32
Contact: Olexander Kashaev

Mlin Company
84 Kirova Street
317220 Bobrinetz, Kirovogradska Oblast, Ukraine
Telephone: 011-380-52-57-32-057
Facsimile: 011-380-52-57-31-655
Contact: Alexei Yanovski, Director

Freight Forwarders/Truck Transportation Services

Baltic and Oriental Ukraine
Address: Prospect Shevchenko 12, Office 410
270058 Odessa, Ukraine
Telephone: 011-380-482-21-00-05
Facsimile: 011-380-482-21-00-05
Contact: John F. Holmes, Managing Director

Estonia

Meat Importers & Distributors (of U.S.-origin meat for shipment outside Estonia)

Alven AS
20 Mere Avenue
EE-0004 Tallinn, Estonia
Telephone: 011-372-6-544-819
Facsimile: 011-372-6-544-818

Ocean Freight Services (feeder service to and from Muuga port)

Estonian Shipping Company (ESCO)
Address: 3-5 Estonia Avenue
EE-0001 Tallinn, Estonia
Telephone: 011-372-6-409-500
Facsimile: 011-372-6-409-59

Freight Forwarders/Truck Transportation Services

Estonian Maritime Agency, Ltd. (ESTMA)
Address: 17 Sadama Street
EE 0001 Tallinn, Estonia
Telephone: 011-372-6-401-800
Facsimile: 011-372-6-313-560
Contact: Sergei Ignatenko, Managing Director

Freight Forwarders/Rail Transportation Services

Estonian Maritime Agency, Ltd. (ESTMA)
Address: 17 Sadama Street
EE 0001 Tallinn, Estonia
Telephone: 011-372-6-401-839
Facsimile: 011-372-6-401-838
Contact: Nikolai Kostusev, Manager, Forwarding Department

Estonian Railway Company
Address: 36 Pikk Street
EE-0100 Tallinn, Estonia
Telephone: 011-372-6-401-610
Facsimile: 011-372-6-401-710

Rest of Europe

Freight Forwarders/Ground Transportation Services (general Black Sea region)

UniMasters Logistics Group Ltd.
40 Graf Ignatiev Street
P.O. Box 229
BG-9000 Varna, Bulgaria
Telephone: 011-359-52-250-050
Facsimile: 011-359-52-259-292
Contact: Nikolai Bozhilov, President

Rail Transportation Services (from German/Dutch ports to Poland and/or Ukraine)

Intercontainer-Interfrigo (ICF)
Address: Margarethenstrasse 38
CH-4008 Basel, Switzerland
Telephone: 011-41-61-278-25-25
Facsimile: 011-41-61-278-24-45
Contact: Soren Rasmussen, General Manager

Kombiverkehr
Address: Zur Wetterwarte 60
01109 Dresden, Germany
Telephone: 011-03-51-8-80-79-36
Facsimile: 011-03-51-8-86-47-46
Contact: Carsten Kulper, Director, Dresden Office

United States

Meat Exporters & Distributors (to Poland and/or Ukraine)

Ascop Corporation
780 Third Avenue, 43rd Floor
New York, New York 10017
Telephone: 212-758-1390
Facsimile: 212-758-1296

Rocco, Inc.
Address: One Kratzer Road, P.O. Box 549
Harrisonburg, Virginia 22801
Telephone: 540-568-1435
Facsimile: 540-568-1462
Contact: Rebecca Zirkle, International Sales Manager (Chicken)

Soyuzkontrakt Trade and Finance
Address: Heron Tower
70 East 55th Street, Seventh Floor
New York, New York 10022
Telephone: 212-319-5666
Facsimile: 212-319-0535
Contact: Dmitry Besedovsky, General Manager (U.S. Division)

Ocean Freight Services (to Poland and/or Ukraine)

Carolina Marine Handling
P. O. Box 71506
North Charleston, South Carolina 29415
Telephone: 803-529-2612
Facsimile: 803-529-2603
Contact: John Stender

Maersk, Inc.
(Norfolk, Virginia, office)
World Trade Center, Suite 6000
101 W. Main Street
Norfolk, Virginia 23510
Telephone: 804-627-4504
Facsimile: 804-622-8536
Contact: L. Robin Hudgins, Sales Coordinator

Mediterranean Shipping Co. (Inc.) USA
(Baltimore, Maryland, office)
2200 Broening Highway, Suite 235
Baltimore, Maryland 21224
Telephone: 410-631-7567
Facsimile: 410-631-7575
Contact: Captain E. Lorenzo Di Casagrande, Vice President

Sea-Land Service, Ltd.
(Elizabeth, New Jersey, office)
P.O. Box 2000
Elizabeth, New Jersey 07207
Telephone: 908-558-6312
Facsimile: 908-558-6378
Contact: Richard C. Carthas, Manager, Maintenance Operations

Sea-Land Service, Ltd.
(Portsmouth, Virginia, office)
P.O. Box 7099
Portsmouth, Virginia 23707
Telephone: 804-393-4071
Contact: Derrick A. Shirley, Port Manager

Worldwide Bulk Transport, Inc.
2477 Kings Point Drive
Atlanta, GA 30338-5963
Telephone: 770-455-3866
Facsimile: 770-458-8283
E-mail: wwbulkti@bellsouth.net
Contact: Charles A. Murdock, President

Freight Forwarders (to destinations in Poland and/or Ukraine)

Amerpol International, Inc.
(Subsidiary of C. Hartwig)
20 Vesey Street, Suite 1400
New York, New York 10007
Telephone: 212-619-9200
Facsimile: 212-619-9201

Other Business Services

Polish Language Services
(Polish Language Interpretation, Translation and Editing)
Address: 1748 Columbia Road, Fourth Floor
Washington, D.C. 20008-2825
Telephone: 202-234-7045
Facsimile: 202-234-6916
E-mail: zmudzki@aol.com
Internet home page: http://members.aol.com/zmudzki
Contact: Marcin Zmudzki

Appendix 2:
List of Ukrainian Meat Importers and Distributors

The list of meat importing companies in Ukraine provided below was excerpted from a list of Ukrainian food and beverage importers compiled by the Office of the USDA Advisor located within the Ministry of Agriculture and Food of Ukraine. The contact names, addresses, and telephone/ facsimile numbers of the following companies reflect data which was current as of June 1996. Please note that the inclusion of any particular firm does not connote an official endorsement by the U.S. Department of Agriculture.

In cases where there are substantial differences between the Ukrainian and Russian versions of Ukrainian place names, the names of city locations in Ukraine appear in transliterated Ukrainian, while the more familiar Russian name for the same city appears next to the Ukrainian version in parentheses.

Kyiv (Kiev) Oblast

Ecocontact
Address: 26 Chervonotkatska Street
253094 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-558-3690
Facsimile: 011-380-44-543-9390

Intersviaz
Address: 24 Saksaganskogo Street, Number 21
252033 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-244-4247
Facsimile: 011-380-44-227-7167

Matiola
Address: 7a Olzhycha Street, Number 35
252060 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-440-0229
Facsimile: 011-380-44-228-7272

San Company
Telephone: 011-380-44-553-9724

TPFC
Address: 40 Degtyaryovskaya Street
252113 Kyiv (Kiev), Ukraine
Facsimile: 011-380-44-446-0284

Veresen-9
Address: 51b Khmelnitskogo Street
252049 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-225-1016
Facsimile: 011-380-44-444-2150

Elsewhere in Ukraine

Alpha-Plus
Address: 7 Ac. Krylova Street, Apt. 32
335000 Crimea, Sevastopol, Ukraine
Telephone: 011-380-692-52-59-63
Facsimile: 011-380-692-52-36-68

Black Sea Financial House
Address: 5 Lastochkina Street
270026 Odessa, Ukraine
Telephone: 011-380-482-25-00-17
Facsimile: 011-380-482-24-51-02

Deep
Address: 62 Sovetskaya Street,
Number 205
348016 Luhansk (Lugansk), Ukraine
Telephone: 011-380-642-53-30-79
Facsimile: 011-380-642-55-16-05

Naladka Comerz, Ltd.
Address: 20 Byelorusskaya Street, Number 39
Chernivtsy, Ukraine
Telephone: 011-380-3722-2-28-92
Facsimile: 011-380-3722-2-42-46

Nizhnevolzhskaya
Address: 1 Promyshlenny Avenue
316000 Kirovograd, Ukraine
Telephone: 011-380-522-56-78-43
Facsimile: 011-380-522-56-75-46

Appendix 3:
List of Ukrainian Meat Packers, Processors, Food Service Buyers and Retailers

The following list is available on the Department of Commerce's Business Information Service for the Newly Industrialized States (BISNIS) home page (Internet address: http://www.iep.doc.gov/bisnis/bisnis.html). It was initially compiled by the commercial office of the American Embassy in Kiev, Ukraine. The list includes the names of buyers from 21 state and privately owned companies in Ukraine that purchase meat for processing, retailing, or food service purposes. The names, addresses and telephone/facsimile numbers listed below reflect data which was current as of September 1995. Please note that the inclusion of any particular firm does not connote an official endorsement by the U.S. Department of Agriculture.

In those cases where there are substantial differences between the Ukrainian and Russian versions of Ukrainian place names, the names of city locations in Ukraine appear in transliterated Ukrainian, while the more familiar Russian name for the same city appears next to the Ukrainian version in parentheses.

Abba, Ltd.
(Retail/Foodservice)
Address: 64 K. Marksa Street
320070 Dnipropetrovsk (Dnepropetrovsk), Ukraine
Telephone: 011-380-562-960-834
Facsimile: 011-380-562-780-359
Contact: Oleksandr B. Popov, Deputy Director

Agroindustria Joint Stock Company
(Retail/Foodservice)
Address: 5 T. Draizera Street
253217 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-515-0595
Facsimile: 011-380-44-515-1135
Contact: Valeriy I. Butsan, President

Anat Trade & Intermediary
(Retail/Foodservice)
Address: 24 Sevastopolskaya Street, Room 11
333000 Simferopol, Crimea, Ukraine
Telephone: 011-380-652-273-087
Contact: Volodymyr I. Kurkin, General Director

Avers Association
(Packer/Processor)
Address: 6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Alla I. Posokhova, General Director

Diamed Joint Venture
(Packer/Processor)
Address: 117-A Cheliuskintsev Street
340000 Donetsk, Ukraine
Telephone: 011-380-622-923-404
Facsimile: 011-380-622-923-404
Contact: Sofia A. Subbotina, Deputy General Director

Divel Commercial Firm
(Retail/Foodservice)
Address: c/o Avers Association
6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Roman P. Stephurak, Commercial Agent

Izmail Meat Processing Plant
(Packer/Processor)
Address: c/o Avers Association
6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Dmytro I. Reznik, Director

Kompania Liga, Ltd.
(Packer/Processor)
Address: c/o Donetsk Chamber of Commerce and Industry
12 Dzerzhynskogo Prospekt
340000 Donetsk, Ukraine
Telephone: 011-380-622-928-060
Facsimile: 011-380-622-928-048
Contact: Oleg V. Iliashenko, President

Kompleks-90 Production Association
(Retail/Foodservice)
Address: 13-A K. Zetkin Street
333011 Simferopol, Ukraine
Telephone: 011-380-652-270-198
Contact: Olga N. Ruzich, Deputy Director, Economics

Kotovsk Meat Processing Plant
(Packer/Processor)
Address: c/o Avers Association
6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Galyna V. Palytsa, Chief Engineer

Krasnograd Meat Processing Plant
(Packer/Processor)
Address: c/o Avers Association
6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Anatoliy M. Vovk, Chairman of the Board

Kremenchug Meat Processing Plant
(Packer/Processor)
Address: c/o Avers Association
6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Vitaliy S. Popovych, General Director

Krymprodmash Enterprise
(Packer/Processor)
Address: 8 Yevpatoriyskoye Shosse
333006 Simferopol, Crimea, Ukraine
Telephone: 011-380-652-273-246
Contact: Aleksandr S. Telniy, Commercial Director

Melitopol Meat Processing Plant
(Packer/Processor)
Address: c/o Avers Association
6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Mykola S. Ruchka, General Director

Odesmiaso Joint-Stock Company
(Packer/Processor)
Address: c/o Avers Association
6 Chekistiv Provulok
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-4497
Facsimile: 011-380-44-230-2635
Contact: Kostyantyn D. Tyakov, General Director

Oka Company
(Retail/Foodservice)
Address: 5 Telmana Street
252006 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-512-5647
Facsimile: 011-380-44-264-9855
Contact: Igor V. Medvedev, Manager

Progres Company
(Packer/Processor: small private venture)
Address: 161 Kamianetska Street
280008 Khemelnytskyi (Khmelnitsky), Ukraine
Telephone: 011-380-3822-491-24
Facsimile: 011-380-3822-491-24
Contact: Igor P. Tselykh, Director/Owner

Rivne Meat Processing Plant
(Packer/Processor)
Address: 5 Robochiy Provulok
266009 Rivne (Rovno), Ukraine
Telephone: 011-380-362-542-08
Facsimile: 011-380-362-260-835
Contact: Viacheslav I. Knap, Division Head

Systems Service Technologies
(Retail/Foodservice)
Address: 8 Rogaliova Street
320000 Dnipropetrovsk (Dnepropetrovsk), Ukraine
Telephone: 011-380-562-760-640
Facsimile: 011-380-562-459-847
Contact: Oleksandr G. Poliovyi, Deputy Director

Technoukraina Joint Venture
(Packer/Processor)
Address: 3 Poshtova Plosncha
254070 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-416-4383
Facsimile: 011-380-44-416-4078
Contact: Natalia Kudriavtseva, Commercial Director

Vismi Agro-Industrial Company
(Retail/Foodservice)
Address: 13 Revutskoho Street
253091 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-532-3446
Facsimile: 011-380-44-213-3246
Contact: Yulia S. Atemenko, Economist

Appendix 4:
List of Ukranian Freight Forwarding/Customs Brokerage Firms

The following list of freight forwarding/customs brokerage firms and regional "international freight forwarding associations" in Ukraine was excerpted from a list circulated by the U.S. Department of Commerce on its BISNIS World Wide Web site. The addresses and phone/facsimile numbers reflect information current as of June 1996. Please note that the inclusion of any particular firm does not connote an official endorsement by the U.S. Department of Agriculture, and that some of the freight forwarding firms listed below may not handle refrigerated or frozen cargo.

In those cases where there are substantial differences between the Ukrainian and Russian versions of Ukrainian place names, the names of city locations in Ukraine have been written in transliterated Ukrainian, while the more familiar Russian name for the same city appears next to the Ukrainian version in parentheses.

Alan Co., Ltd.
Address: 4 Shovkunenko Street
Kyiv (Kiev), Ukraine
Telephone: 011-380-44-245-4891
Facsimile: 011-380-44-245-4892
Telex: 131 498 PTB SU
Contact: Anatoliy Magurskiy, Director

Berdyanskzovnishtrans
(Regional Freight Forwarding Association)
Address: 6 Horky Street
332440 Berdyansk, Zaorizhie Region, Ukraine
Telephone: 011-380-6153-3-4498
Facsimile: 011-380-6153-3-6565
Contact: F. Malyshev, Director

Chopzovnishtrans
(Regional Freight Forwarding Association)
Address: 2 Bereg Street
295081 Chop, Zakarpatsky Region, Ukraine
Telephone: 011-380-3137-1232
Telex: 234114 SVT SU

Dakotrans, Ltd.
Address: 13/2 Koperatyvna Street
310003 Kharkiv (Kharkov), Ukraine
Telephone: 011-380-572-32-5183
Facsimile: 011-380-572-32-5183
Contact: Olexiy Syvoplias, Manager

Dialog Freight/AEI
Address: 7a Vozziednannya Avenue, Office 523
253160 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-559-4393
Facsimile: 011-380-44-559-4393
Contact: Dmitry Peregon, Director

Fiko Shareholding Company
(Customs Brokerage Services)
Address: Druzhba Hotel
5 Boulevard Druzhby Narodov
252042 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-268-9431
Facsimile: 011-380-44-268-9007

Hemo Intertrans, Ltd.
Address: 8A Vorovskoho Street
252053 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-212-3552
Facsimile: 011-380-44-212-5426
Contact: Roman Chelnokov, Director

Illichivskzovnishtrans
(Regional Freight Forwarding Association)
Address: 2 Promyslova Street
270901 Illichivsk (Illyichevsk), Odessa Region, Ukraine
Telephone: 011-380-4868-6-1500
Facsimile: 011-380-4868-6-5433
Contact: L. Korenchuk, Director

Inter Express
(Customs Brokerage, Warehousing)
Address: 57 Chihorina Street, Number 34
Kyiv (Kiev), Ukraine
Telephone: 011-380-44-269-2469
Facsimile: 011-380-44-269-6087
Contact: Serhiy Kondrat, Director

Intertrade Industries International, Ltd.
(Freight Forwarding/International Banking)
19a Pushkinska Street, Suite 32
252004 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-225-5321
Facsimile: 011-380-44-228-1067
Contact: Richard Leary, C.E.O.

IPS Interpromservice, Ltd.
(Shipping Services)
1 Grigorievka
Port Uzhnyy, Odessa Region, Ukraine
Telephone: 011-380-482-59-3862
Facsimile: 011-380-482-54-8888
Telex: 232201 ips su
Contact: Serhiy Barishnikov, Director

Izmailzovnishtrans
(Regional Freight Forwarding Association)
51 Bolgradska Street
272630 Izmail, Odessa Region, Ukraine
Telephone: 011-380-4841-2-5624
Facsimile: 011-380-4841-2-2562
Telex: 232258 AGENT SU
Contact: P. Mariandyshev, Director

Kerchzovnishtrans
(Regional Freight Forwarding Association)
8 Furmanov Street
334512 Kerch, Ukraine
Telephone: 011-380-6561-2-8372
Facsimile: 011-380-6561-5-3082
Contact: V. Semenov, Director

Khersonzovnishtrans
(Regional Freight Forwarding Association)
Morvokzal, Odeska Square
325010 Kherson, Ukraine
Telephone: 011-380-552-2-5568
Telex: 273116 KNUT
Contact: V. Sigarov, Director

Kyiv Zovnishtrans
45b Bohdana Khmelnitskoho Street
252030 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-244-2938
Facsimile: 011-380-44-229-7692
Telex: 131129 KVT SU
Contact: I. Lykhodiy, Director

Lvivzovnishtrans
1 Zalyznychna Street
290018 Lviv (Lvov), Ukraine
Telephone: 011-380-44-33-5340
Contact: P. Harashko, Director

Maersk Ukraine, Ltd.
6 Bogomoltsa Street, Number 20
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-6741
Facsimile: 011-380-44-293-6741
Contact: Henrik T. Mikkelsen, General Manager, Kiev Office

Mariupolzovnishtrans
99 Admiral Lunina Prospect
341010, Mariupol, Donetsk Region, Ukraine
Telephone: 011-380-6292-5-8464
Facsimile: 011-380-6292-5-8464
TLX: 115155 SABLE SU
Contact: V. Bahayev, Director

Mykolaivzovnishtrans
1A Grazdansky Uzviz
327004 Mykolaiv (Nikolayev), Ukraine
Telephone: 011-380-512-37-5310
Facsimile: 011-380-512-37-5310
Telex: 272122 ZENIT SU
Contact: I. Usov, Director

Neotrans
61 Prospekt Generala Ostriakova
335829 Sevastopol, Ukraine
Telephone: 011-380-8698-523-668
Facsimile: 011-380-8698-440989
Telex: 197311 PTB SU
Contact: M. Kanageyev, General Manager

Promtovary Export-Import
56 Uspenskya Street
270011 Odessa, Ukraine
Telephone: 011-380-482-22-48-25
Facsimile: 011-380-482-22-18-49

Odesazovnishtrans
7 Prymorsky Boulevard
270026 Odessa, Ukraine
Telephone: 011-380-482-24-0109
Facsimile: 011-380-482-22-3974
Contact: B. Mikhneev, Director

Renizovnishtrans
Address: Services House Port
272840 Reni, Odessa Region, Ukraine
Telephone: 011-380-4840-2-1305
Facsimile: 011-380-4840-2-4688
Telex: 232338 SVT SU
Contact: V. Bakharev, Director

Rotterdam Consult
(Shipping Services)
Address: 22 Ivan Franko Street, Number 12
252034 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-224-8526
Facsimile: 011-380-44-224-6306
Contact: M.E. Verhoef, Manager

Sea-Land Service International
Address: 4 Grushevskogo Street
252001 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-229-1529
Facsimile: 011-380-44-229-1529
Contact: Valentina Kompaniets

Tranex/Tricom Association
Address: 45a Shcherbakova Street
252111 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-442-4279
Facsimile: 011-380-44-442-2447
Contact: Heorhiy Kovtun, General Director

Ukrservice
Address: 1 Promyslova Street, Suites 203-207
Illichivsk (Illyichevsk), Odessa Region, Ukraine
Telephone: 011-380-4868-6-6254
Facsimile: 011-380-4868-6-5056

Ukrtrans Union
Address: 83 Saksaganskoho Street
252033 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-220-6183
Facsimile: 011-380-44-220-5710
Contact: Mykhailo Yliashov, Director General

Vegas
(Customs Brokerage Services)
Address: 25E Sahaidachnoho Street
252060 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-416-1071
Facsimile: 011-380-44-229-8707
Contact: Vyktor Storozhentsev, Director

Vinnitsazovnishtrans
Address: Kosmonavtiv Street
286000 Vinnytsya (Vinnitsa), Ukraine
Telephone: 011-380-4322-4-6119
Contact: E. Nikolayevsky, Director

Appendix 5:
List of Ukrainian Trucking Companies/Associations

The following list, excerpted from a list appearing on the Department of Commerce's BISNIS home page, provides contact names, addresses and telephone/facsimile numbers for several independent trucking companies and truck transportation associations operating in Ukraine. Most of the associations listed are "territory transportation production associations", which are operated by regional divisions of the Ministry of Transportation of Ukraine, and reportedly provide all types of surface delivery. Another trade association mentioned below, the Association of International Truck Forwarders (ASMAT), consists of 190 members from state-owned and private shipping enterprises from all over Ukraine, and provides cargo delivery services to fifteen European countries. The information listed below reflects data collected in June 1996. Please note that the inclusion of any particular organization does not connote an official endorsement by the U.S. Department of Agriculture.

In those cases where there are substantial differences between the Ukrainian and Russian version of Ukrainian place names, the names of city locations in Ukraine have been written in transliterated Ukrainian, while the more familiar Russian name for the same city appears next to the Ukrainian version in parentheses.

Trucking Companies/Providers of Truck Transportation Services

Avtobasa
(Cargo and passenger deliveries)
Kyiv (Kiev), Ukraine
Telephone: 011-380-44-447-68-75
Facsimile: 011-380-44-477-33-08

Inform Service LLL
(Cargo Deliveries by Truck Within Europe/NIS)
Kyiv (Kiev), Ukraine
Telephone: 011-380-44-290-7915
Facsimile: 011-380-44-290-5185

Maersk Ukraine, Ltd. (Kiev Office)
(Transportation and Customs Services)
Address: 6 Bogomoltsa Street, Apt. 20
252024 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-293-6741
Facsimile: 011-380-44-293-6741
Contact: Henrik T. Mikkelsen, General Manager

Maersk Ukraine, Ltd. (Odessa Office)
(Transportation and Customs Services)
Address: 3a Suvorova Street
270004 Odessa, Ukraine
Telephone: 011-380-482-22-1183
Facsimile: 011-380-482-22-1183

Prostor
(Truck Shipments to NIS/Cargo Insurance)
Address: 23 Lvivska Ploshcha
Kyiv (Kiev), Ukraine
Telephone: 011-380-44-452-0380
Facsimile: 011-380-44-452-0380
Telex: 631239 TRUCK SU

Ukrmarine
(Land and Sea Transportation Services)
Address: 5/2 Moskovska Street, Apt. 23
Kyiv (Kiev), Ukraine
Telephone: 011-380-44-290-6702
Facsimile: 011-380-44-216-0882
Contact: Evgeniy A. Shumov, Director

Truck Transport Associations

Association of International Truck Forwarders (ASMAT)
Address: 38 Shota Rustavelli
252023 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-220-13-37
Facsimile: 011-380-44-220-53-88
Contact: Mr. V. Malynovsky

Cherkasy Association
Address: 135-a Lenina
257636 Cherkasy, Ukraine
Telephone: 011-380-472-47-22-05
Contact: N. Solomenny

Chernigiv Association
Address: 16 Pushkina
250000 Chernigiv, Ukraine
Telephone: 011-380-3722-2-32-34
Contact: I. Demchuk

Chernivtsi Association
Address: 2 Nikitina
274000 Chernivtsi, Ukraine
Telephone: 011-380-462-4-13-56
Contact: A. Sereda

Crimea Association
Address: 20-a Sevastopolskaya
333011 Simferopol, Ukraine
Telephone: 011-380-652-27-43-38
Contact: V. Antonenko

Dnipropetrovsk Association
Address: 23 Szukovskogo Street
320600 Dnipropetrovsk (Dnepropetrovsk), Ukraine
Telephone: 011-380-562-45-10-33
Contact: I. Skuzhutin

Donetsk Association
Address: 3 Illycha Pr.
340000 Donetsk, Ukraine
Telephone: 011-380-622-92-30-30
Contact: A. Sergeenko

Ivano-Frankivsk Association
Address: 3 Topolyna
284025 Ivano-Frankivsk (Ivano-Frankovsk), Ukraine
Telephone: 011-380-342-3-03-92
Contact: V. Kysyliov

Kharkiv Association
Address: 125 Gagarina
310035 Kharkiv (Kharkov), Ukraine
Telephone: 011-380-572-27-99-70
Contact: M. Puchkov

Kherson Association
Address: 39 Sovetskaya
325025 Kherson, Ukraine
Telephone: 011-380-5522-2-40-10
Contact: A. Moskvichov

Khmelnytsky Association
6 Zhdanova
280000 Khemelnytskyi (Khmelnitsky), Ukraine
Telephone: 011-380-3822-6-80-46
Contact: P. Ternavsky

Kyiv City Association
33 Yaroslavov Street
252034 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-212-21-70
Contact: F. Goray

Kyiv Oblast Association
Address: 1/2 Basseyna Street
252004 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-225-01-47
Contact: Y. Marchevych

Kirovograd Association
Address: 3 Glinki
316013 Kirovograd, Ukraine
Telephone: 011-380-522-23-14-42
Contact: V. Kolinashev

Luhansk Association
Address: 10 Oboronna Street
348017 Luhansk (Lugansk), Ukraine
Telephone: 011-380-642-54-20-51
Contact: V. Drobot

Lviv Association
Address: P.O. Box 6197
290041 Lviv (Lvov), Ukraine
Telephone: 011-380-322-34-33-55
Contact: N. Mulyak

Mykolayiv Association
Address: 2 Morekhodnaya
327029 Mykolayiv (Nikolayev), Ukraine
Telephone: 011-380-512-34-41-01
Contact: N. Lysyuk

Odessa Association
Address: 5 Transportna
270017 Odessa, Ukraine
Telephone: 011-380-482-66-61-86
Contact: V. Isatchenko

Poltava Association
Address: 9 Tchapaeva
314601 Poltava, Ukraine
Telephone: 011-380-5322-7-32-34
Contact: A. Podsadny

Rivne Association
Address: 34 Kikvidze
266000 Rivne (Rovno), Ukraine
Telephone: 011-380-3622-2-34-03
Contact: V. Demianenko

Sumy Association
Address: 79/1 Romenskaya
244002 Sumy, Ukraine
Telephone: 011-380-542-22-13-15
Contact: N. Tertyshny

Ternopil Association
Address: 7 Glynna
282002 Ternopil, Ukraine
Telephone: 011-380-3522-2-12-32
Contact: Z. Maransky

Tranex/Tricom Association
Address: 45a Shcherbakova Street
252111 Kyiv (Kiev), Ukraine
Telephone: 011-380-44-442-4279
Facsimile: 011-380-44-442-2447
Contact: Heorhiy Kovtun, General Director

Uzhgorod Association
Address: 102 Kalushinskaya
294018 Uzhgorod, Ukraine
Telephone: 011-380-312-3-25-30
Contact: P. Tchekaliov

Vinnytsya Association
Address: P.O. Box 6026
286036 Vinnytsya (Vinnitsa), Ukraine
Telephone: 011-380-432-35-00-65
Contact: U. Moisek

Volyn Association
Address: 1b Svyasistov Street
263000 Lutsk, Ukraine
Telephone: 011-380-3322-5-11-91
Contact: I. Semenikhin

Zaporizhzhya Association
Address: 30 Sverdlova
330600 Zaporizhzhya, Ukraine
Telephone: 011-380-612-64-13-64
Contact: P. Ivanov

Zhytomyr Association
Address: 11 Iyatoshinskogo Vul.
262000 Zhytomyr, Ukraine
Telephone: 011-380-412-37-23-53
Contact: I. Dokyl

Appendix 6:
Registered Members of the Estonian Freight Forwarders Association

The following list, current as of October 1996, contains the names, telephone/facsimile numbers, and contact names for the 48 registered member companies of the Estonian Freight Forwarders Association (EFFA). Please note that the inclusion of any particular firm does not connote an official endorsement by the U.S. Department of Agriculture.

Seventeen of the forty-eight registered freight forwarding companies derived 90 percent of their sales revenue from freight forwarding activities in 1995, while another 14 derived at least half of their sales revenue from freight forwarding activities. The six companies that earned the largest income from freight forwarding activities during 1995, in order of importance, were Balti Transport, Ltd.; TAV, Ltd.; Scansped Estonia, Ltd.; ASG Estonia, Ltd.; EE Trans Ltd. and Svex Estonia, Ltd. (The last two firms generated virtually the same amount of sales revenue from freight forwarding services.)

According to a recent analysis prepared by EFFA, 30 out of their 48 members derived more than 50 percent of their freight forwarding sales revenue in 1995 from the movement of transit goods (e.g., goods which had been brought into Estonia from another destination and were shipped without further processing to another destination market). Moreover, 23 companies—nearly half of EFFA's membership—derived more than 75 percent of their 1995 freight forwarding sales revenue from the shipment of transit goods. Approximately 26 percent of all the outbound transit traffic handled by these freight forwarding companies in 1995 was headed for destinations in Russia, another 38 percent to the other Baltic republics of Lithuania and Latvia, 6 percent to Belarus, and 3 percent to Ukraine.

AB Forwarding
Address: Peterburi tee 38
EE0014 Tallinn, Estonia
Telephone: 011-372-6-31-20-11
Facsimile: 011-372-6-31-22-48
Contact: Mr. Rain Tamm, Manager

Air Cargo Estonia, Ltd.
Address: Lennujaama 2
EE0011 Tallinn, Estonia
Telephone: 011-372-6-40-14-01
Facsimile: 011-372-6-40-14-08
Contact: Mr. Karli Lambot, Manager

Ammex, Ltd.
Address: Regati pst. 1
EE0019 Tallinn, Estonia
Telephone: 011-372-2-23-88-65
Facsimile: 011-372-2-23-72-32
Contact: Mr. Toomas Rukholm, Manager

ASG Estonia, Ltd.
Address: Maardu tee 61
EE0030 Tallinn, Estonia
Telephone: 011-372-6-31-93-85
Facsimile: 011-372-6-31-93-88
Contact: Mr. Karl-Erik Lindstrom, Manager

A. T. V. Transport, Ltd.
Address: Vana Narva mnt. 26
EE0030 Tallinn, Estonia
Telephone: 011-372-6-22-01-00
Facsimile: 011-372-6-22-01-08
Contact: Mr. Valjo Liivamagi, Manager

Autoveod-Speditor, Ltd.
Address: Sepa 26
EE2400 Tartu, Estonia
Telephone: 011-372-7-47-61-91
Facsimile: 011-372-7-47-40-19
Contact: Mr. Ilmar Soot, Manager

Balti Ekspeditsiooni AS, Ltd.
Address: Kunderi 6-14
EE0001 Tallinn, Estonia
Telephone: 011-372-2-23-86-22
Facsimile: 011-372-2-23-86-22
Contact: Mrs. Svetlana Kelder, Manager

Balti Transport, Ltd.
Address: Kanali tee 1
EE0001 Tallinn, Estonia
Telephone: 011-372-6-38-91-00
Facsimile: 011-372-6-31-21-90
Contact: Mr. Kari Peltonen, Manager

BaltSped, Ltd.
Address: Suur-Sojamae 27a
EE0014 Tallinn, Estonia
Telephone: 011-372-6-38-01-98
Facsimile: 011-372-6-38-01-98
Contact: Mr. Toomas Tool, Manager

Belest, Ltd.
Address: Pargi 3
EE2900 Viljandi, Estonia
Telephone: 011-372-43-54-043
Facsimile: 011-372-43-54-294
Contact: Mr. Rein Alliksaar, Manager

Beweship Estonia, Ltd.
Address: Parnu mnt. 154
EE0013 Tallinn, Estonia
Telephone: 011-372-6-50-07-71
Facsimile: 011-372-6-50-07-75
Contact: Mr. Aare Sild, Manager

Chr. Jensen Estonia, Ltd.
Address: Pirita tee 20a
EE0001 Tallinn, Estonia
Telephone: 011-372-6-40-53-33
Facsimile: 011-372-6-40-53-35
Contact: Mr. Seppo Taniel, Manager

Combitrans Estonia, Ltd.
Kesk-Sojamae 3
EE0014 Tallinn, Estonia
Telephone: 011-372-6-38-02-79
Facsimile: 011-372-5-23-81-40
Contact: Mr. Hengo Nommik, Manager

De Luxe Estonia, Ltd.
P.O. Box 485
Pirita tee 20
EE0090 Tallinn, Estonia
Telephone: 011-372-6-31-24-05
Facsimile: 011-372-6-31-24-66
Contact: Mr. Dmitri Vainberg, Manager

DGSH Estonia, Ltd.
Address: Pirita tee 20
EE0001 Tallinn, Estonia
Telephone: 011-371-2-23-87-91
Facsimile: 011-372-2-23-89-82
Contact: Mr. Peeter Veegen, Manager

DHL International Estonia, Ltd.
Address: Joe 5
EE0001 Tallinn, Estonia
Telephone: 011-372-2-43-52-20
Facsimile: 011-372-6-31-20-45
Contact: Mrs. Janne Tulvik, Manager

EE Trans, Ltd.
Address: Punane 16
EE0036 Tallinn, Estonia
Telephone: 011-372-6-33-47-33
Facsimile: 011-372-6-33-47-10
Contact: Mr. Jaanus Truu, Manager

Elstera, Ltd.
Address: Paldiski mnt. 21
EE3053 Keila, Estonia
Telephone: 011-372-2-74-57-65
Facsimile: 011-372-2-77-12-62
Contact: Mr. Kalle Elster, Manager

Fastway, Ltd.
Address: Vilmsi tn 5
EE0010 Tallinn, Estonia
Telephone: 011-372-6-41-03-86
Facsimile: 011-372-6-31-25-81
Contact: Mr. Vaino Viil, Manager

In Time, Ltd.
Address: P.O. Box 1828
EE0016 Tallinn, Estonia
Telephone: 011-372-2-21-18-76
Facsimile: 011-372-2-21-37-08
Contact: Mr. Veiko Kreevs, Manager

KLG, Ltd.
Address: Peterburi tee 38
EE0014 Tallinn, Estonia
Telephone: 011-372-2-21-18-76
Facsimile: 011-372-2-21-37-08
Contact: Mr. Alar Lohmus, Manager

KMV, Ltd.
Address: Paldiski mnt. 21
EE3053 Keila, Estonia
Telephone: 011-372-2-74-41-77
Telephone: 011-372-2-74-41-77
Facsimile: 011-372-6-74-75-41
Contact: Mr. Ivo-Heikki Kangur, Manager

Kraptur, Ltd.
Address: Kolde 100-29
EE0003 Tallinn, Estonia
Telephone: 011-372-6-26-11-94
Facsimile: 011-372-6-41-02-91
Contact: Mr. Artemi Freiman, Manager

Loksa Auto, Ltd.
Address: Tallinna 3
EE3020 Loksa, Estonia
Telephone: 011-372-2-21-01-50
Facsimile: 011-372-6-38-01-71
Contact: Mr. Rein Kompost, Manager

Melship Estonia, Ltd.
Address: Ravala 6-201B
EE0001 Tallinn, Estonia
Telephone: 011-372-6-30-56-89
Facsimile: 011-372-6-30-56-86
Contact: Mr. Paavo Kollom, Manager

Meoni Parsek, J/V
Address: Madara 31
EE0006 Tallinn, Estonia
Telephone: 011-372-6-39-54-90
Facsimile: 011-372-6-39-54-95
Contact: Mr. Juri Sehovtsov, Manager

MGH Estonia, Ltd.
Address: Lennujaama tee 2
EE0011 Tallinn, Estonia
Telephone: 011-372-6-38-89-44
Facsimile: 011-372-6-38-00-43
Contact: Mr. Steve Pettifer, Manager

MN Transport Estonia, Ltd.
Address: Vaike-Paala 1
EE0014 Tallinn, Estonia
Telephone: 011-372-2-21-35-31
Facsimile: 011-372-6-38-00-54
Contact: Mr. Viktor Stanogin, Manager

NBI Ekspeditsiooni, Ltd.
Address: Madara 31
EE0006 Tallinn, Estonia
Telephone: 011-372-6-39-54-92
Facsimile: 011-372-6-38-00-54
Contact: Mr. Peeter Parn, Manager

Nesco Agentuuri, Ltd.
Address: Tuukri 17
EE0001 Tallinn, Estonia
Telephone: 011-372-6-33-94-45
Facsimile: 011-372-6-41-00-51
Contact: Mr. Leonid Krasnodubski, Manager

Nikol, Ltd.
Address: Mustamae tee 16
EE0006 Tallinn, Estonia
Telephone: 011-372-2-49-34-06
Facsimile: 011-372-2-49-34-31
Contact: Mr. Vjatseslav Ivahnenko, Manager

Nurk TS, Ltd.
Address: Turi tn. 6
EE0013 Tallinn, Estonia
Telephone: 011-372-2-55-76-04
Facsimile: 011-372-2-55-73-42
Contact: Mr. Andrei Jemeljanov, Manager

Puidutali, Ltd.
Address: Endla 4
EE0100 Tallinn, Estonia
Telephone: 011-372-2-49-72-21
Facsimile: 011-372-6-26-33-06
Contact: Mr. Enn Jaama, Manager

Parnu Autobaas, Ltd.
Address: Piia mnt. 233a
EE3600 Parnu, Estonia
Telephone: 011-372-44-21-170
Facsimile: 011-372-44-21-337
Contact: Mr. Viljo Hallik, Manager

Rakvere Autobaas, Ltd.
Address: Ragavere tee 44
EE2100 Rakvere, Estonia
Telephone: 011-372-32-45-043
Facsimile: 011-372-32-44-132
Contact: Mr. Vladimir Lohmus, Manager

Renewo, Ltd.
Address: Turi tn. 7
EE0013 Tallinn, Estonia
Telephone: 011-372-2-55-54-45
Facsimile: 011-372-6-55-61-45
Contact: Mr. Heiki Eichhorn, Manager

Scansped Estonia, Ltd.
Address: Kanali tee 1
EE0001 Tallinn, Estonia
Telephone: 011-372-6-25-85-00
Facsimile: 011-372-6-25-85-01
Contact: Mr. Kari Peltonen, Manager

Servekt, Ltd.
Address: Vilde tee 150
EE0026 Tallinn, Estonia
Telephone: 011-372-2-59-72-53
Facsimile: 011-372-2-53-12-48
Contact: Mr. Peep Pesur, Manager

Svex Estonia, Ltd.
Address: Kadaka tee 44
EE0026 Tallinn, Estonia
Telephone: 011-372-6-57-75-95
Facsimile: 011-372-6-57-95-90
Contact: Mr. Tarmo Annus, Manager

TAV, Ltd.
Address: Peterburi tee 46
EE0014 Tallinn, Estonia
Telephone: 011-372-2-21-56-46
Facsimile: 011-372-2-21-56-04
Contact: Mr. Juri Suursoo, Manager

Tallinna Toiduveod, Ltd.
Address: Peterburi tee 38
EE0014 Tallinn, Estonia
Telephone: 011-372-2-21-20-51
Facsimile: 011-372-2-21-39-01
Contact: Mr. Aivar Nahkur, Manager

TNT Express Worldwide Estonia, Ltd.
Address: Lennujaama 2
EE0011 Tallinn, Estonia
Telephone: 011-372-6-40-14-70
Facsimile: 011-372-2-40-14-73
Contact: Mrs. Anne Heinmaa, Manager

Travend, Ltd.
Address: Mustamae tee 59
EE0006 Tallinn, Estonia
Telephone: 011-372-6-50-35-27
Facsimile: 011-372-6-50-35-07
Contact: Mr. Einar Pukk, Manager

Triigen, Ltd.
Address: Paldiski mnt. 51-29
EE0006 Tallinn, Estonia
Telephone: 011-372-2-49-79-79
Facsimile: 011-372-2-49-79-91
Contact: Mr. Andrei Meidra, Manager

Varova, Ltd.
Address: Mustamae tee 55
EE0006 Tallinn, Estonia
Telephone: 011-372-6-54-21-42
Facsimile: 011-372-6-54-21-82
Contact: Mr. Eino Poolgas, Manager

ViruTrans, Ltd.
Address: Lembitu 4-1
EE2100 Rakvere, Estonia
Telephone: 011-372-32-43-012
Facsimile: 011-372-32-40-606
Contact: Mr. Tonu Laanemets, Manager

Volfro, Ltd.
Address: Karu 11
EE0001 Tallinn, Estonia
Telephone: 011-372-6-26-12-30
Facsimile: 011-372-6-26-12-29
Contact: Mr. Sergei Stanogin

Voru Trans, Ltd.
Address: Pikk tn. 6
EE2710 Voru, Estonia
Telephone: 011-372-78-42-070
Facsimile: 011-372-78-42-070
Contact: Mr. Hanno Jarv

Appendix 7:
Freight Forwarders and Transportation Companies Operating From the Port of Riga, Latvia

The following list was excerpted from a directory of forwarders and shipping agents operating at the port of Riga which appeared on the "Riga In Your Pocket" World Wide Web site in May, 1997.[187] Please note that the inclusion of any particular firm does not connote an official endorsement by the U.S. Department of Agriculture.

Akmar
Telephone: 011-371-2-46-35-46
Facsimile: 011-371-2-45-50-77
Internet: ded@akmar.lv.

Alfards
Telephone: 011-371-761-51-65
Facsimile: 011-371-786-01-94

Alpa
Telephone: 011-371-2-23-44-08
Facsimile: 011-371-721-32-17

Ankor
Telephone: 011-371-767-43-14
Facsimile: 011-371-767-43-08

ASG Latvia
Telephone: 011-371-761-59-41
Facsimile: 011-371-786-01-93

Ausma Logistics
Telephone: 011-371-2-722-43-24
Facsimile: 011-371-782-13-97

Baltic Transport
Telephone: 011-371-2-728-56-64
Facsimile: 011-371-2-728-56-36

Baltrans Company Ltd. (Baltic Transit Services)
Telephone: 011-371-2-32-92-53
Facsimile: 011-371-783-00-29

Celsijs
Telephone: 011-371-2-722-88-97
Facsimile: 011-371-722-32-70

DFDS
Telephone: 011-371-920-68-90
Facsimile: 011-371-728-80-56

Ekstima
Telephone: 011-371-2-34-35-35
Facsimile: 011-371-2-34-35-35

Eurologistic
Telephone: 011-371-713-94-13
Facsimile: 011-371-711-25-57

Firebird Transport
Telephone: 011-371-2-39-15-78
Facsimile: 011-371-2-39-15-78

Hanza Forwarding
Telephone: 011-371-721-21-40
Facsimile: 011-371-782-00-83
Telex: 161191 HNZ LV
Internet: hanzafwd@com.latnet.lv

Hanza Maritime Agency, Ltd.
Telephone: 011-371-732-02-15
Facsimile: 011-371-783-00-62

J&P Corporation, Ltd.
Telephone: 011-371-2-26-32-34

Jensen Cargo
Telephone: 011-371-733-83-16

Konkordija-AB
Telephone: 011-371-762-84-92
Facsimile: 011-371-934-38-48

Krava un Jura (JSC Company)
Telephone: 011-371-706-21-45
Facsimile: 011-371-786-01-18

Kuehne & Nagel
Telephone: 011-371-732-12-11
Facsimile: 011-371-783-02-35

Laki Transports
Telephone: 011-371-761-44-09
Facsimile: 011-371-786-00-80

Largolat
Telephone: 011-371-733-91-95
Facsimile: 011-371-733-91-95

Lat-Finn Agency
Telephone: 011-371-728-56-28
Facsimile: 011-371-782-04-63

[187] The address of the World Wide Web site for "Riga In Your Pocket" is "http://www.inyourpocket.com/riport.htm#gotobar".

Latkargo
Telephone: 011-371-2-38-30-42
Facsimile: 011-371-2-38-26-43

Latshipagent
Telephone: 011-371-2-732-05-09
Facsimile: 011-371-2-32-18-29

Latvian Shipping Company
Telephone: 011-371-732-55-94
Facsimile: 011-371-782-02-39

Latvian-American Shipping Line
Telephone: 011-371-722-19-19
Facsimile: 011-371-782-02-67

LSA Hanza Forwarding, Ltd.
(Maras Linija/P&O)
Telephone: 011-371-721-21-40
Facsimile: 011-371-782-00-83

Maersk Latvija
Telephone: 011-371-728-77-02
Facsimile: 011-371-728-62-68

MGH Transport
Telephone: 011-371-722-24-68
Facsimile: 011-371-782-01-10

Militzer & Münch
Telephone: 011-371-2-26-79-05

Prince Trading Company
Telephone: 011-371-733-31-31
Facsimile: 011-371-783-00-87

RABI Transports
Telephone: 011-371-2-38-22-44
Facsimile: 011-371-783-05-05

Ramona
Telephone: 011-371-762-70-24
Facsimile: 011-371-762-70-24

Riga Shipping Agency
Telephone: 011-371-721-07-97
Facsimile: 011-371-782-02-50

Riga Shipping Company
Telephone: 011-371-2-60-11-33
Facsimile: 011-371-782-00-95

Riga Transport Fleet
Telephone: 011-371-2-34-18-80
Facsimile: 011-371-2-43-19-08

Roko Container Services, Ltd.
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